

AMENDED IN ASSEMBLY JUNE 20, 2006

AMENDED IN SENATE APRIL 26, 2006

AMENDED IN SENATE APRIL 17, 2006

AMENDED IN SENATE MARCH 29, 2006

SENATE BILL

No. 1432

Introduced by Senator Lowenthal

February 22, 2006

An act to amend Sections 53312.7, 53313, 53313.4, 53313.5, 53313.6, 53313.9, 53314.6, 53316.2, 53317, 53318, 53319, 53320, 53321.5, 53322.4, 53323, 53324, 53325, 53325.1, 53326, 53327, 53328, 53328.3, 53329, 53330.5, 53332, 53336, 53339, 53339.2, 53339.3, 53339.5, 53339.6, 53339.7, 53339.8, 53340, 53340.2, 53341.5, 53343, 53343.1, 53344, 53345, 53352, 53354, 53355, 53356, 53356.1, 53356.3, 53356.6, 53356.9, 53359.5, 53360, 53362.5, 53363.7, ~~53364.2~~, 53364.5, and 53753 of, to add Sections 53340.25 and 53356.15 to, and to repeal Sections 53313.85 and 53344.2 of, the Government Code, to amend ~~Sections 3704 and~~ *Section* 3712 of the Revenue and Taxation Code, and to amend Sections 3114.5, 3115.5, and 3117.5 of, *and to add Section 8837 to*, the Streets and Highways Code, relating to community facilities districts.

LEGISLATIVE COUNSEL'S DIGEST

SB 1432, as amended, Lowenthal. Mello-Roos districts.

Existing law, the Mello-Roos Community Facilities Act of 1982, authorizes a local agency to establish a district to finance public facilities and various services by the imposition of special taxes and the issuance of bonds.

This bill would add other services that may be financed by a district and specify that the services may not be funded by the issuance of bonds. The bill would authorize a district to fund programs to create incentives for or to subsidize lower income housing. The bill would make various revisions and additions concerning procedures and required notices and would make other related and conforming changes.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 53312.7 of the Government Code is
2 amended to read:
3 53312.7. (a) On and after January 1, 1994, a local agency
4 may initiate proceedings to establish a district pursuant to this
5 chapter only if it has first considered and adopted local goals and
6 policies concerning the use of this chapter. The policies shall
7 include at least the following:
8 (1) A statement of the priority that various kinds of public
9 facilities and services shall have for financing through the use of
10 this chapter, including public facilities to be owned and operated
11 by other public agencies, including school districts, and including
12 services to be provided by other public agencies.
13 (2) A statement concerning the credit quality to be required of
14 bond issues, including criteria to be used in evaluating the credit
15 quality.
16 (3) A statement concerning steps to be taken to ensure that
17 prospective property purchasers are fully informed about their
18 taxpaying obligations imposed under this chapter.
19 (4) A statement concerning criteria for evaluating the equity of
20 tax allocation formulas, and concerning desirable and maximum
21 amounts of special tax to be levied against any parcel pursuant to
22 this chapter.
23 (5) A statement of definitions, standards, and assumptions to
24 be used in appraisals required by Section 53345.8.
25 (b) The goals and policies adopted by any school district
26 pursuant to subdivision (a) shall include, but not be limited to, a
27 priority access policy which gives priority attendance access to
28 students residing in a community facilities district whose

1 residents have paid special taxes which have, in whole or in part,
2 financed the construction of school district facilities. The degree
3 of priority shall reflect the proportion of each school's financing
4 provided through the community facilities district. In developing
5 a priority access policy for residents of a community facilities
6 district, a school district may incorporate a school district
7 attendance policy including criteria for student assignment such
8 as goals to achieve ethnic, racial, or socioeconomic diversity;
9 federal, state, or court mandates; transportation needs, safe
10 pedestrian routes; grade levels for which facilities were designed;
11 and ensuring students continuity of schooling within any single
12 school year.

13 SEC. 2. Section 53313 of the Government Code is amended
14 to read:

15 53313. A community facilities district may be established
16 under this chapter to finance any one or more of the following
17 types of services within an area. Bonds may not be issued
18 pursuant to this chapter to fund any of the services specified in
19 this section, although bonds may be issued to fund capital
20 facilities to be used in providing these services.

21 (a) Police protection services, including, but not limited to,
22 criminal justice services. However, criminal justice services shall
23 be limited to providing services for jails, detention facilities, and
24 juvenile halls.

25 (b) Fire protection and suppression services, and ambulance
26 and paramedic services.

27 (c) Recreation program services, library services, maintenance
28 services for elementary and secondary schoolsites and structures,
29 and the operation and maintenance of museums and cultural
30 facilities. A special tax may be levied for any of the services
31 specified in this subdivision only upon approval of the registered
32 voters as specified in subdivision (b) of Section ~~53328~~ 53326.
33 However, an election to enact a special tax for recreation
34 program services, library services, and the operation and
35 maintenance of museums and cultural facilities may be
36 conducted under subdivision (c) of Section 53326.

37 (d) Maintenance of parks, parkways, and open space.

38 (e) Flood and storm protection services, including, but not
39 limited to, the operation and maintenance of storm drainage

1 systems, plowing and removal of snow, and sandstorm protection
2 systems.

3 (f) Services with respect to removal or remedial action for the
4 cleanup of any hazardous substance released or threatened to be
5 released into the environment. As used in this subdivision, the
6 terms “remedial action” and “removal” shall have the meanings
7 set forth in Sections 25322 and 25323, respectively, of the Health
8 and Safety Code, and the term “hazardous substance” shall have
9 the meaning set forth in Section 25281 of the Health and Safety
10 Code. Community facilities districts shall provide the State
11 Department of Health Services and local health and building
12 departments with notification of any cleanup activity pursuant to
13 this subdivision at least 30 days prior to commencement of the
14 activity.

15 (g) Maintenance and lighting of streets and roads, and graffiti
16 management and removal, ~~but only to the extent that the need for~~
17 ~~these services is reasonably related to new development in the~~
18 ~~community facilities district, or, as an alternative, is authorized~~
19 ~~by vote of registered voters in the district pursuant to subdivision~~
20 ~~(b) of Section 53326. As used in this subdivision, “reasonably~~
21 ~~related” is intended to have the same meaning as it has in Section~~
22 ~~66001.~~

23 *A removal.* A community facilities district tax approved by vote
24 of the landowners of the district may only finance the services
25 authorized in this section to the extent that they are in addition to
26 those provided in the territory of the district before the district
27 was created. The additional services may not supplant services
28 already available within that territory when the district was
29 created.

30 SEC. 3. Section 53313.4 of the Government Code is amended
31 to read:

32 53313.4. Any territory within a community facilities district
33 established for the acquisition or improvement of school facilities
34 for a school district shall be exempt from any fee, increase in any
35 fee other than a cost-of-living increase as authorized by law, or
36 other requirement first levied, increased, or imposed pursuant to
37 Chapter 6 (commencing with Section 17620) of Part 10.5 of
38 Division 1 of Title 1 of the Education Code or under Chapter 4.7
39 (commencing with Section 65970) of Division 1 of Title 7 by or
40 for the benefit of any other school district, except as previously

1 negotiated between the school districts, subsequent to the date on
2 which the resolution of formation creating the community
3 facilities district is adopted. That exemption shall apply until a
4 date 10 years following the most recent issuance of bonds by the
5 community facilities district or, if no bonds have ever been
6 issued by the community facilities district, a date 10 years
7 following the formation of the community facilities district.

8 SEC. 4. Section 53313.5 of the Government Code is amended
9 to read:

10 53313.5. A community facilities district may also finance the
11 purchase, construction, expansion, improvement, or rehabilitation
12 of any real or other tangible public or governmental property
13 with an estimated useful life of five years or longer or may
14 finance planning and design work that is directly related to the
15 purchase, construction, expansion, or rehabilitation of any real or
16 tangible public or governmental property. The facilities need not
17 be physically located within the district. A district may not lease
18 out facilities which it has financed except pursuant to a lease
19 agreement or annexation agreement entered into prior to January
20 1, 1988. A district may only finance the purchase of facilities
21 whose construction has been completed, as determined by the
22 legislative body, before the resolution of formation to establish
23 the district is adopted pursuant to Section 53325.1, except that a
24 district may finance the purchase of facilities completed after the
25 adoption of the resolution of formation if the facility was
26 constructed as if it had been constructed under the direction and
27 supervision, or under the authority of, the local agency *that will*
28 *own or operate the facility*. For example, a community facilities
29 district may finance facilities, including, but not limited to, the
30 following:

31 (a) Local park, recreation, parkway, and open-space facilities.

32 (b) Elementary and secondary schoolsites and structures
33 provided that the facilities meet the building area and cost
34 standards established by the State Allocation Board.

35 (c) Libraries.

36 (d) Child care facilities, including costs of insuring the
37 facilities against loss, liability insurance in connection with the
38 operation of the facility, and other insurance costs relating to the
39 operation of the facilities, but excluding all other operational

1 costs. However, the proceeds of bonds issued pursuant to this
2 chapter shall not be used to pay these insurance costs.

3 (e) The district may also finance the construction or
4 undergrounding of water transmission and distribution facilities,
5 natural gas pipeline facilities, telephone lines, facilities for the
6 transmission or distribution of electrical energy, and cable
7 television lines to provide access to those services to customers
8 who do not have access to those services or to mitigate existing
9 visual blight. The district may enter into an agreement with a
10 public utility to utilize those facilities to provide a particular
11 service and for the conveyance of those facilities to the public
12 utility. "Public utility" shall include all utilities, whether public
13 and regulated by the Public Utilities Commission, or municipal.
14 If the facilities are conveyed to the public utility, the agreement
15 shall provide that the cost or a portion of the cost of the facilities
16 that are the responsibility of the utility shall be refunded by the
17 public utility to the district or improvement area thereof, to the
18 extent that refunds are applicable pursuant to (1) the Public
19 Utilities Code or rules of the Public Utilities Commission, as to
20 utilities regulated by the commission, or (2) other laws regulating
21 public utilities. Any reimbursement made to the district shall be
22 utilized to reduce or minimize the special tax levied within the
23 district or improvement area, or to construct or acquire additional
24 facilities within the district or improvement area, as specified in
25 the resolution of formation.

26 (f) The district may also fund programs to create incentives for
27 or to subsidize construction, rehabilitation, or acquisition of
28 housing for lower income households, as defined in Section
29 50079.5 of the Health and Safety Code. If the district is created
30 in conjunction with a new development, or new territory
31 containing new development is to be annexed to an existing
32 district, the amount funded pursuant to this section shall not
33 exceed the amount that the project would pay under a fee,
34 exaction, or other contribution for this purpose under the local
35 agency's policies applicable to other development projects, or an
36 amount determined pursuant to a development agreement
37 applicable to the development project, as appropriate. Financing
38 incentives or subsidies for an adequate supply of housing for
39 lower income households is an essential governmental function

1 and is a governmental purpose within the meaning of this
2 chapter.

3 (g) The district may also pay in full all amounts necessary to
4 eliminate any fixed special assessment liens or to pay, repay, or
5 defease any obligation to pay or any indebtedness secured by any
6 tax, fee, charge, or assessment levied within the area of a
7 community facilities district or may pay debt service on that
8 indebtedness, as long as the public agency to which the payment
9 is due agrees. In addition, tax revenues of a district may be used
10 to make lease or debt service payments on any lease,
11 lease-purchase contract, or certificate of participation used to
12 finance authorized district facilities.

13 (h) Any other governmental facilities which the legislative
14 body creating the community facilities district is authorized by
15 law to contribute revenue to, or construct, own, or operate.
16 However, ~~the district shall not operate or maintain or~~, except as
17 otherwise provided in subdivisions (e) and ~~(f)~~ (k), *the district*
18 *shall not operate, maintain, or*, have any ownership interest in
19 any facilities for the transmission or distribution of natural gas,
20 telephone service, or electrical energy.

21 (i) (1) A district may also pay for the following:

22 (A) Work deemed necessary to bring buildings or real
23 property, including privately owned buildings or real property,
24 into compliance with seismic safety standards or regulations.
25 Only work certified as necessary to comply with seismic safety
26 standards or regulations by local building officials may be
27 financed. No project involving the dismantling of an existing
28 building and its replacement by a new building, nor the
29 construction of a new or substantially new building may be
30 financed pursuant to this subparagraph. Work on qualified
31 historical buildings or structures shall be done in accordance with
32 the State Historical Building Code (Part 2.7 (commencing with
33 Section 18950) of Division 13 of the Health and Safety Code).

34 (B) In addition, within any county or area designated by the
35 President of the United States or by the Governor as a disaster
36 area or for which the Governor has proclaimed the existence of a
37 state of emergency because of earthquake damage, a district may
38 also pay for any work deemed necessary to repair any damage to
39 real property directly or indirectly caused by the occurrence of an
40 earthquake cited in the President's or the Governor's designation

1 or proclamation, or by aftershocks associated with that
2 earthquake, including work to reconstruct, repair, shore up, or
3 replace any building damaged or destroyed by the earthquake,
4 and specifically including, but not limited to, work on any
5 building damaged or destroyed in the Loma Prieta earthquake
6 which occurred on October 17, 1989, or by its aftershocks. Work
7 may be financed pursuant to this subparagraph only on property
8 or buildings identified in a resolution of intention to establish a
9 community facilities district adopted within seven years of the
10 date on which the county or area is designated as a disaster area
11 by the President or by the Governor or on which the Governor
12 proclaims for the area the existence of a state of emergency.

13 (2) Work on privately owned property, including
14 reconstruction or replacement of privately owned buildings
15 pursuant to subparagraph (B) of paragraph (1), may only be
16 financed by a tax levy if all of the votes cast on the question of
17 levying the tax, vote in favor of levying the tax, or with the prior
18 written consent to the tax of the owners of all property which
19 may be subject to the tax, in which case the prior written consent
20 shall be deemed to constitute a vote in favor of the tax and any
21 associated bond issue. Any district created to finance seismic
22 safety work on privately owned buildings, including repair,
23 reconstruction, or replacement of privately owned buildings
24 pursuant to this subdivision, shall consist only of lots or parcels
25 on which the legislative body finds that the buildings to be
26 worked on, repaired, reconstructed, or replaced, pursuant to this
27 subdivision, are located or were located before being damaged or
28 destroyed by the earthquake cited pursuant to subparagraph (B)
29 of paragraph (1) or by the aftershocks of that earthquake.

30 (j) A district may also pay for the following:

31 (1) Work deemed necessary to repair and abate damage caused
32 to privately owned buildings and structures by soil deterioration.
33 “Soil deterioration” means a chemical reaction by soils that
34 causes structural damage or defects in construction materials
35 including concrete, steel, and ductile or cast iron. Only work
36 certified as necessary by local building officials may be financed.
37 No project involving the dismantling of an existing building or
38 structure and its replacement by a new building or structure, nor
39 the construction of a new or substantially new building or
40 structure may be financed pursuant to this subparagraph.

(2) Work on privately owned buildings and structures pursuant to this subdivision, including reconstruction, repair, and abatement of damage caused by soil deterioration, may only be financed by a tax levy if all of the votes cast on the question of levying the tax vote in favor of levying the tax. Any district created to finance the work on privately owned buildings or structures, including reconstruction, repair, and abatement of damage caused by soil deterioration, shall consist only of lots or parcels on which the legislative body finds that the buildings or structures to be worked on pursuant to this subdivision suffer from soil deterioration.

(k) A district may also finance the acquisition, improvement, rehabilitation, or maintenance of any real or other tangible property, whether privately or publicly owned, for the purposes of removal or remedial action for the cleanup of any hazardous substance released or threatened to be released into the environment. As used in this subdivision, the terms “remedial action” and “removal” shall have the meanings set forth in Sections 25322 and 25323, respectively of the Health and Safety Code, and the term “hazardous substance” shall have the meaning set forth in Section 25281 of the Health and Safety Code.

SEC. 5. Section 53313.6 of the Government Code is amended to read:

53313.6. The legislative body may provide for adjustments in ad valorem property taxes pursuant to Section 53313.7 within a community facilities district only after making both of the following findings at the conclusion of the public hearing held pursuant to Article 2 (commencing with Section 53318):

(a) That an ad valorem property tax is, or will be, levied on property within a proposed community facilities district for the exclusive purpose of making lease payments ~~or paying principal or interest on bonds or other~~ *on an existing lease or paying principal or interest on already authorized or issued bonds or other already authorized or incurred* indebtedness, including state school building loans, ~~incurred~~ *used* to finance construction of capital facilities.

(b) That capital facilities financed or to be financed by the community facilities district will provide the same services to the

1 territory of the community facilities district as provided by the
2 capital facilities mentioned in subdivision (a).

3 SEC. 6. Section 53313.85 of the Government Code is
4 repealed.

5 SEC. 7. Section 53313.9 of the Government Code is amended
6 to read:

7 53313.9. (a) All or any part of the cost of any school
8 facilities financed by a community facilities district may be
9 shared by the State Allocation Board pursuant to Section 17718.5
10 of the Education Code.

11 (b) If the State Allocation Board shares in any part of the cost
12 of the school facilities, the ownership of those facilities and the
13 real property upon which the facilities are located shall be
14 ~~transferred to the State of California. A copy of the deed by~~
15 ~~which the title is transferred shall be recorded in the office of the~~
16 ~~county recorder of the county in which the property is located.~~
17 ~~The deed shall be indexed by the county recorder in the~~
18 ~~grantor-grantee index to the name of the school district as grantor~~
19 ~~and to the State of California as grantee. held, as provided in the~~
20 *Leroy F. Greene School Facilities Act of 1998 (Chapter 12.5*
21 *(commencing with Section 17070.10) of Part 10 of Division 1 of*
22 *the Education Code).*

23 (c) The resolutions of intention, formation, consideration, and
24 to incur bonded indebtedness adopted pursuant to Sections
25 ~~53320, 53321, 53325.1, 53334, and 53345~~ 53339.2, 53345, and
26 ~~53351 and subdivision (b) of Section 53338~~ may provide for cost
27 sharing by the State Allocation Board and for appropriate
28 adjustment of the principal amount of any bond issue or issues
29 and of the rate and method of apportionment of any special tax.

30 SEC. 8. Section 53314.6 of the Government Code is amended
31 to read:

32 53314.6. (a) In connection with the financing of services and
33 facilities pursuant to subdivision (f) of Section 53313 and
34 subdivision ~~(i)~~ (k) of Section 53313.5, the legislative body may
35 establish a revolving fund to be kept in the treasury of the
36 district. Except as provided in subdivision (b), moneys in the
37 revolving fund shall be expended solely for the payment of costs
38 with respect to those services and facilities. The revolving fund
39 may be funded from time to time with moneys derived from any
40 of the following:

1 (1) Proceeds of the sale of bonds issued pursuant to Article 5
2 (commencing with Section 53345), notwithstanding any
3 limitation contained in Section 53345.3.

4 (2) Any taxes or charges authorized under this chapter.

5 (3) Any other lawful source.

6 (b) Subject to the provisions of any resolution, trust agreement
7 or indenture providing for the issuance of district bonds for the
8 purposes set forth in subdivision ~~(i)~~ (k) of Section 53313.5, the
9 legislative body may withdraw money from the revolving fund
10 whenever and to the extent that it finds that the amount of money
11 therein exceeds the amount necessary to accomplish the purposes
12 for which the revolving fund was established. Any moneys
13 withdrawn from the revolving fund shall be used to redeem
14 bonds of the district issued for the purposes set forth in ~~Section~~
15 ~~53313.8~~ *subdivision (k) of Section 53313.5* or shall be paid to
16 taxpayers in the district in amounts which the legislative body
17 determines.

18 SEC. 9. Section 53316.2 of the Government Code is amended
19 to read:

20 53316.2. (a) A community facilities district may finance
21 facilities to be owned or operated by ~~an entity~~ *a local public*
22 *agency* other than the agency that created the district, or services
23 to be provided by ~~an entity~~ *a local public agency* other than the
24 agency that created the district, or any combination, only
25 pursuant to a joint community facilities agreement or a joint
26 exercise of powers agreement adopted pursuant to this section.
27 *State or federal agencies are not local public agencies within the*
28 *meaning of this section.*

29 (b) At any time prior to the adoption of the resolution of
30 formation creating a community facilities district or a resolution
31 of change to alter a district, the legislative bodies of two or more
32 local agencies may enter into a joint community facilities
33 agreement pursuant to this section and Sections 53316.4 and
34 53316.6 or into a joint exercise of powers agreement pursuant to
35 the Joint Exercise of Powers Act (Chapter 5 (commencing with
36 Section 6500) of Division 7 of Title 1) to exercise any power
37 authorized by this chapter with respect to the community
38 facilities district being created or changed if the legislative body
39 of each entity adopts a resolution declaring that the joint
40 agreement would be beneficial to the residents of that entity.

(c) Notwithstanding the Joint Exercise of Powers Act (Chapter 5 (commencing with Section 6500) of Division 7 of Title 1), a contracting party may use the proceeds of any special tax or charge levied pursuant to this chapter or, in the case of facilities, of any bonds or other indebtedness issued pursuant to this chapter, to provide facilities or services which that contracting party is otherwise authorized by law to provide, even though another contracting party does not have the power to provide those facilities or services.

(d) Notwithstanding subdivision (b), nothing in this section shall prevent entry into or amendment of a joint community facilities agreement or a joint exercise of powers agreement, after adoption of a resolution of formation, but prior to adoption of the resolution ~~proposing issuance of bonds~~ *authorizing issuance of bonds for facilities for which those agreements are required* pursuant to Section ~~53345~~ 53356, if the new agreement or amendment is necessary, as determined by the legislative body, for any one or more of the following reasons:

(1) To allow an orderly transition of governmental facilities and finances in the case of any change in governmental organization approved pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Division 3 (commencing with Section 56000) of Title 5) *or other law governing the reorganization of any agency that is a party to the agreement.*

(2) To allow participation in the agreement by a state or federal agency that could or would not otherwise participate, including, but not limited to, the California Department of Transportation. *Participation by a state or federal agency is not required for purposes of this section.*

(3) If the local agency with primary responsibility for formation of a district or an improvement area within a district is a city, a county, or a city and county with jurisdiction over the territory where the facilities financed by the district will be located or where the services financed by the district will be provided.

(e) Notwithstanding any other provision of this chapter, no local agency which is party to a joint exercise of powers agreement or joint community facilities agreement shall have primary responsibility for formation of a district ~~or an~~

1 ~~improvement area within a district~~, or for an extension of
2 authorized facilities and services or a change in special taxes
3 pursuant to Article 3, unless that local agency is one or more of
4 the following:

5 (1) A city, a county, or a city and county.

6 (2) An agency created pursuant to a joint powers agreement
7 that is separate from the parties to the agreement, is responsible
8 for the administration of the agreement, and is subject to the
9 notification requirement of Section 6503.5.

10 (3) An agency that is reasonably expected to have
11 responsibility for providing facilities or services to be financed
12 by a larger share of the proceeds of special taxes and bonds of the
13 district or districts created or changed pursuant to the joint
14 exercise of powers agreement or the joint community facilities
15 agreement than any other local agency.

16 SEC. 10. Section 53317 of the Government Code is amended
17 to read:

18 53317. Unless the context otherwise requires, the definitions
19 contained in this article shall govern the construction of this
20 chapter.

21 (a) “Clerk” means the clerk of the legislative body of a local
22 agency.

23 (b) “Community facilities district” means a legally constituted
24 governmental entity established pursuant to this chapter for the
25 sole purpose of financing facilities and services.

26 (c) “Cost” means the expense of constructing or purchasing
27 the public facility and of related land, right-of-way, easements,
28 including incidental expenses, and the cost of providing
29 authorized services, including incidental expenses.

30 (d) “Debt” means any binding obligation to pay or repay a
31 sum of money, including obligations in the form of bonds,
32 certificates of participation, long-term leases, loans from
33 government agencies, or loans from banks, other financial
34 institutions, private businesses, or individuals, or long-term
35 contracts.

36 (e) “Incidental expense” includes all of the following:

37 (1) The cost of planning and designing public facilities to be
38 financed pursuant to this chapter, including the cost of
39 environmental evaluations of those facilities.

1 (2) The costs associated with the creation of the district,
2 issuance of bonds, determination of the amount of taxes,
3 collection of taxes, payment of taxes, or costs otherwise incurred
4 in order to carry out the authorized purposes of the district.

5 (3) Any other expenses incidental to the construction,
6 completion, and inspection of the authorized work.

7 (f) “Landowner” or “owner of land” means any person shown
8 as the owner of land on the last equalized assessment roll or
9 otherwise known to be the owner of the land by the legislative
10 body. The legislative body has no obligation to obtain other
11 information as to the ownership of the land, and its determination
12 of ownership shall be final and conclusive for the purposes of
13 this chapter. A public agency is not a landowner or owner of land
14 for purposes of this chapter, unless the land owned by a public
15 agency would be subject to a special tax pursuant to Section
16 53340.1, or unless the public agency has acquired the property by
17 purchase or negotiation in connection with foreclosure of the
18 special tax lien and it is intended that the property will be
19 transferred to private ownership, *or unless the public agency*
20 *states in the proceedings that its land is intended to be*
21 *transferred to private ownership and provides in the proceedings*
22 *that its land will be subject to the special tax on the same basis*
23 *as private property within the district and affirmatively waives*
24 *any defense, based on the fact of public ownership, to any action*
25 *to foreclose on the property in the event of nonpayment of the*
26 *special tax*, or unless the land owned by a public agency is within
27 the territory of a military base that is closed or is being closed.

28 (g) “Legislative body” means the legislative body or
29 governing board of any local agency.

30 (h) “Local agency” means any city or county, whether general
31 law or chartered, special district, school district, joint powers
32 entity created pursuant to Chapter 5 (commencing with Section
33 6500) of Division 7 of Title 1, redevelopment agency, or any
34 other municipal corporation, district, or political subdivision of
35 the state.

36 (i) “Rate” means a single rate of tax or a schedule of rates.

37 (j) “Services” means the provision of categories of services
38 identified in Section 53313. “Services” includes the performance
39 by employees of functions, operations, maintenance, and repair

1 activities. “Services” does not include activities or facilities
2 identified in Section 53313.5.

3 SEC. 11. Section 53318 of the Government Code is amended
4 to read:

5 53318. Proceedings for the establishment of a community
6 facilities district may be instituted by the legislative body on its
7 own initiative and shall be instituted by the legislative body when
8 any of the following occurs:

9 (a) A written request for the establishment of a district, signed
10 by two members of the legislative body, describing the
11 boundaries of the territory which is proposed for inclusion in the
12 district and specifying the type or types of facilities and services
13 to be financed by the district, is filed with the legislative body.

14 (b) A petition requesting the institution of the proceedings
15 signed by the requisite number of registered voters, as specified
16 in subdivision (d) of Section 53319, describing the boundaries of
17 the territory which is proposed for inclusion in the district and
18 specifying the type or types of facilities and services to be
19 financed by the district, is filed with the clerk of the legislative
20 body. The petition may consist of any number of separate
21 instruments, each of which shall comply with all of the
22 requirements of the petition, except as to the number of
23 signatures.

24 (c) A petition requesting the institution of the proceedings
25 signed by landowners owning the requisite portion of the area of
26 the proposed district, as specified in subdivision (d) of Section
27 53319, describing the boundaries of the territory which is
28 proposed for inclusion in the district and specifying the type or
29 types of facilities and services to be financed by the district, is
30 filed with the clerk of the legislative body.

31 (d) The written request filed pursuant to subdivision (a) and
32 the petition filed pursuant to subdivision (b) need not be acted
33 upon until payment of a fee in an amount which the legislative
34 body determines, within 45 days of receiving the request or
35 petition, is sufficient to compensate the legislative body for all
36 costs incurred in conducting proceedings to create a district
37 pursuant to this chapter. A petition filed pursuant to subdivision
38 (c) may not be acted upon until payment of a fee in an amount
39 that the legislative body determines, within 45 days of receiving
40 the petition, is sufficient to compensate the legislative body for

1 all costs incurred in conducting proceedings to create a district
2 pursuant to this chapter.

3 SEC. 12. Section 53319 of the Government Code is amended
4 to read:

5 53319. A petition requesting the institution of proceedings for
6 the establishment of a community facilities district shall do all of
7 the following:

8 (a) Request the legislative body to institute proceedings to
9 establish a community facilities district pursuant to this chapter.

10 (b) Describe the boundaries of the territory which is proposed
11 for inclusion in the district.

12 (c) State the type or types of facilities and services proposed to
13 be financed by the district, and may include any additional
14 information specified by Sections 53321, 53325.7, and 53345.

15 (d) Be signed by not less than 10 percent of the registered
16 voters residing within the territory proposed to be included
17 within the district or by owners of not less than 10 percent of the
18 area of land proposed to be included within the district and not
19 exempt from the proposed special tax. If the legislative body
20 finds that the petition is signed by the requisite number of
21 registered voters residing within the territory proposed to be
22 included within the district or by the requisite number of owners
23 of land proposed to be included within the district, that finding
24 shall be final and conclusive.

25 SEC. 13. Section 53320 of the Government Code is amended
26 to read:

27 53320. Within 90 days after a written request by two
28 members of the legislative body or a petition requesting the
29 institution of proceedings for the establishment of a community
30 facilities district is filed with the legislative body and payment of
31 the fee required by subdivision (d) of Section 53318, the
32 legislative body shall adopt a resolution of intention to establish
33 a community facilities district in the form specified in Section
34 53321.

35 SEC. 14. Section 53321.5 of the Government Code is
36 amended to read:

37 53321.5. At the time of the adoption of the resolution of
38 intention to establish a community facilities district, the
39 legislative body shall direct each of its officers who is or will be
40 responsible for providing one or more of the proposed types of

1 public facilities or services to be financed by the district, if it is
2 established, to study the proposed district and, at or before the
3 time of the hearing, file a report with the legislative body
4 containing a brief description of the public facilities and services
5 by type which will in his or her opinion be required to adequately
6 meet the needs of the district and his or her estimate of the cost
7 of providing those public facilities and services. If the purchase
8 of completed public facilities or the payment of incidental
9 expenses is proposed, the legislative body shall direct its
10 appropriate officer to estimate the fair and reasonable cost of
11 those facilities or incidental expenses. If removal or remedial
12 action for the cleanup of any hazardous substance is proposed,
13 the legislative body shall (a) direct its responsible officer to
14 prepare or cause to be prepared, a remedial action plan based
15 upon factors comparable to those described in subdivision (d) of
16 Section 25356.1 of the Health and Safety Code or (b) determine,
17 on the basis of the particular facts and circumstances, which shall
18 be comparable to those described in subdivision (h) of Section
19 25356.1 of the Health and Safety Code, that the remedial action
20 plan is not required or (c) condition financing of the removal or
21 remedial action upon approval of a remedial action plan pursuant
22 to Section 25356.1 of the Health and Safety Code. All of those
23 reports shall be made a part of the record of the hearing on the
24 resolution of intention to establish the district.

25 SEC. 15. Section 53322.4 of the Government Code is
26 amended to read:

27 53322.4. The clerk of the legislative body may also give
28 notice of the hearing by first-class mail to each registered voter
29 and to each landowner within the proposed district. This notice
30 shall contain the same information as is required to be contained
31 in the notice published pursuant to Section 53322.

32 SEC. 16. Section 53323 of the Government Code is amended
33 to read:

34 53323. At the hearing, protests against the establishment of
35 the district, the extent of the district, or the furnishing of
36 specified types of public facilities or services within the district
37 may be made orally or in writing by any person. Any protests
38 pertaining to the regularity or sufficiency of the proceedings shall
39 be in writing and shall clearly set forth the irregularities and
40 defects to which objection is made. All written protests not

1 personally presented by the protestor at the hearing shall be filed
2 with the clerk of the legislative body on or before the time fixed
3 for the hearing. The legislative body may waive any irregularities
4 in the form or content of any written protest and at the hearing
5 may correct minor defects in the proceedings. Written protests
6 may be withdrawn in writing at any time before the conclusion of
7 the hearing.

8 SEC. 17. Section 53324 of the Government Code is amended
9 to read:

10 53324. If 50 percent or more of the registered voters, or six
11 registered voters, whichever is more, residing within the territory
12 proposed to be included in the district, or the owners of one-half
13 or more of the area of the land in the territory proposed to be
14 included in the district and not exempt from the special tax, file
15 written protests against the establishment of the district, and
16 protests are not withdrawn so as to reduce the value of the
17 protests to less than a majority, no further proceedings to create
18 the specified community facilities district or to authorize the
19 specified special tax shall be taken for a period of one year from
20 the date of the decision of the legislative body.

21 If the majority protests of the registered voters or of the
22 landowners are only against the furnishing of a specified type or
23 types of facilities or services within the district, or against
24 levying a specified special tax, those types of facilities or
25 services or the specified special tax shall be eliminated from the
26 resolution of formation.

27 SEC. 18. Section 53325 of the Government Code is amended
28 to read:

29 53325. The hearing may be continued from time to time, but
30 shall be completed within 30 days, except that if the legislative
31 body finds that the complexity of the proposed district or the
32 need for public participation requires additional time, the hearing
33 may be continued from time to time for a period not to exceed six
34 months. The legislative body may modify the resolution of
35 intention by eliminating proposed facilities or services, or by
36 changing the rate or method of apportionment of the proposed
37 special tax so as to reduce the maximum special tax for all or a
38 portion of the owners of property within the proposed district, or
39 by removing territory from the proposed district. Any
40 modifications shall be made by action of the legislative body at

1 the public hearing. If the legislative body proposes to modify the
2 resolution of intention in a way that will increase the probable
3 special tax to be paid by the owner of any lot or parcel, it shall
4 direct that a report be prepared that includes a brief analysis of
5 the impact of the proposed modifications on the probable special
6 tax to be paid by the owners of lots or parcels in the district, and
7 shall receive and consider the report before approving the
8 modifications or any resolution of formation which includes
9 those modifications. The legislative body shall not modify the
10 resolution of intention so as to increase the maximum special tax
11 or to add territory to the proposed district. At the conclusion of
12 the hearing, the legislative body may abandon the proposed
13 establishment of the community facilities district or may, after
14 passing upon all protests, determine to proceed with establishing
15 the district.

16 SEC. 19. Section 53325.1 of the Government Code is
17 amended to read:

18 53325.1. (a) If the legislative body determines to establish
19 the district, it shall adopt a resolution of formation establishing
20 the district. The resolution of formation shall contain all of the
21 information required to be included in the resolution of intention
22 to establish the district specified in Section 53321. If a special tax
23 is proposed to be levied in the district to pay for any facilities or
24 services and the special tax has not been eliminated by majority
25 protest pursuant to Section 53324, the resolution shall:

26 (1) State that the proposed special tax to be levied within the
27 district has not been precluded by majority protest pursuant to
28 Section 53324.

29 (2) Identify any facilities or services proposed to be funded
30 with the special tax.

31 (3) Set forth the name, address, and telephone number of the
32 office, department, or bureau which will be responsible for
33 preparing annually a current roll of special tax levy obligations
34 by assessor's parcel number and which will be responsible for
35 estimating future special tax levies pursuant to Section 53340.2.

36 (4) State that upon recordation of a notice of special tax lien
37 pursuant to Section 3114.5 of the Streets and Highways Code, a
38 continuing lien to secure each levy of the special tax shall attach
39 to all nonexempt real property in the district and this lien shall
40 continue in force and effect until the special tax obligation is

1 prepaid and permanently satisfied and the lien canceled in
2 accordance with law or until collection of the tax by the
3 legislative body ceases.

4 (5) Set forth the county of recordation and the book and page
5 in the Book of Maps of Assessments and Community Facilities
6 Districts in the county recorder's office where the boundary map
7 of the proposed community facilities district has been recorded
8 pursuant to Sections 3111 and 3113 of the Streets and Highways
9 Code.

10 (b) In the resolution of formation adopted pursuant to
11 subdivision (a), the legislative body shall determine whether all
12 proceedings were valid and in conformity with the requirements
13 of this chapter. If the legislative body determines that all
14 proceedings were valid and in conformity with the requirements
15 of this chapter, it shall make a finding to that effect and that
16 finding shall be final and conclusive.

17 SEC. 20. Section 53326 of the Government Code is amended
18 to read:

19 53326. (a) The legislative body shall then submit the levy of
20 any special taxes to the qualified electors of the proposed
21 community facilities district subject to the levy or to the qualified
22 electors of the territory to be annexed by the community facilities
23 district subject to the levy in the next general election or in a
24 special election to be held, notwithstanding any other
25 requirement, including any requirement that elections be held on
26 specified dates, contained in the Elections Code, at least 90 days,
27 but not more than 180 days, following the adoption of the
28 resolution of formation. The legislative body shall provide the
29 resolution of formation, the resolution deeming it necessary to
30 incur bonded indebtedness if one is adopted, a certified map of
31 sufficient scale and clarity to show the boundaries of the district,
32 and a sufficient description to allow the election official to
33 determine the boundaries of the district to the official conducting
34 the election within three business days after the adoption of the
35 resolution of formation. Assessor's parcel numbers for the land
36 within the district shall be included if it is a landowner election
37 or the district does not conform to an existing district's
38 boundaries and if requested by the official conducting the
39 election. If the election is to be held less than 125 days following
40 the adoption of the resolution of formation, the concurrence of

1 the election official conducting the election shall be required.
2 However, any time limit specified by this section or requirement
3 pertaining to the conduct of the election, including any time limit
4 or requirement applicable to any election conducted pursuant to
5 Article 5 (commencing with Section 53345), may be waived with
6 the unanimous consent of the qualified electors of the proposed
7 district and the concurrence of the election official conducting
8 the election.

9 (b) Except as otherwise provided in subdivision (c), if at least
10 12 persons, who need not necessarily be the same 12 persons,
11 have been registered to vote within the territory of the proposed
12 community facilities district for each of the 90 days preceding
13 the close of the protest hearing, the vote shall be by the registered
14 voters of the proposed district, with each voter having one vote.
15 Otherwise, the vote shall be by the landowners of the proposed
16 district and each landowner who is the owner of land on the day
17 of the election, or the authorized representative thereof, shall
18 have one vote for each acre or portion of an acre of land that he
19 or she owns within the proposed community facilities district not
20 exempt from the special tax. *Ballots shall be executed by all of*
21 *the owners of a parcel, or by a representative of the owners*
22 *lawfully appointed to represent them for purposes of the election.*
23 *Each person casting a ballot assigned to a parcel of property*
24 *who is not the sole owner of that property shall present written*
25 *evidence to the local agency of that person's authority to act for*
26 *the property with respect to the election before casting the ballot.*
27 *In the event that more than one of the record owners of an*
28 *identified parcel submits or wishes to submit a ballot, the votes*
29 *attributable to the parcel shall be allocated to ballots for each*
30 *owner in proportion to his or her respective record ownership*
31 *interest rounded to the nearest tenth of a vote, or, if the*
32 *ownership interests are not shown on the record, as established*
33 *to the satisfaction of the local agency by documentation*
34 *submitted by those record owners. If the appointment of the*
35 *representative to cast the ballot was made as part of the*
36 *transaction by which the current owners acquired the property,*
37 *or if the current owners appoint a former owner or anyone*
38 *affiliated in any way with a former owner of the property, the*
39 *written appointment shall include a statement signed by the*
40 *current property owners substantially in the form contained in*

1 *Section 53341.5, and the appointment is not valid if the ballot*
2 *measure seeks to authorize facilities, services, or special taxes in*
3 *excess of those shown on the form.* The appointment of a
4 representative to act for property in respect of a landowner
5 election under this chapter shall not constitute a violation of any
6 law prohibiting the impersonation of voters or the inducement to
7 vote in a particular fashion. The number of votes to be voted by a
8 particular landowner shall be specified on the ballot provided to
9 that landowner. If the vote is by landowners pursuant to this
10 subdivision, the legislative body shall determine that any
11 facilities or services financed by the district are necessary to meet
12 increased demands placed upon local agencies as the result of
13 development or rehabilitation occurring in the district.

14 (c) If the proposed special tax will not be apportioned in any
15 tax year on any portion of property in residential use in that tax
16 year, as determined by the legislative body, the legislative body
17 may provide that the vote shall be by the landowners of the
18 proposed district whose property would be subject to the tax if it
19 were levied at the time of the election. Each of these landowners
20 shall have one vote for each acre, or portion thereof, that the
21 landowner owns within the proposed district which would be
22 subject to the proposed tax if it were levied at the time of the
23 election.

24 (d) Ballots for the special election authorized by subdivision
25 (a) may be distributed to qualified electors by mail with return
26 postage prepaid or by personal service by the election official.
27 The official conducting the election may certify the proper
28 mailing of ballots by an affidavit, which shall constitute
29 conclusive proof of mailing in the absence of fraud. The voted
30 ballots shall be returned to the election officer conducting the
31 election not later than the hour specified in the resolution calling
32 the election. However, if all the qualified voters have voted, the
33 election may be closed with the concurrence of the official
34 conducting the election.

35 SEC. 21. Section 53327 of the Government Code is amended
36 to read:

37 53327. (a) Except as otherwise provided in this chapter, the
38 provisions of law regulating elections of the local agency that
39 calls an election pursuant to this chapter, insofar as they may be
40 applicable, shall govern all elections conducted pursuant to this

chapter. Except as provided in subdivision (b), there shall be prepared and included in the ballot material provided to each voter an impartial analysis pursuant to Section 9160, 9280, or 9500 of the Elections Code, and arguments and rebuttals, if any, pursuant to Sections 9162 to 9167, inclusive, and 9190 of the Elections Code or pursuant to Sections 9281 to 9287, inclusive, and 9295 of the Elections Code, or pursuant to Sections 9501 to 9507, inclusive, of the Elections Code, or pursuant to other provisions of law applicable to other special districts as appropriate.

(b) If the vote is to be by the landowners of the proposed district, analysis and arguments may be waived with the unanimous consent of all the landowners and this shall be stated in the order for the election. When the vote is to be by the landowners of the proposed district, the legislative body of the local agency may authorize an official of the local agency to conduct the election, including preparation of analysis and compilation of arguments.

SEC. 22. Section 53328 of the Government Code is amended to read:

53328. ~~(a) Except as otherwise provided in subdivision (b),~~ after After the canvass of returns of any election pursuant to Section 53326, the legislative body may, pursuant to Section 53340, levy any special tax as specified in the resolution of formation adopted pursuant to subdivision (a) of Section 53325.1 within the territory of the district if two-thirds of the votes cast upon the question of levying the tax are in favor of levying that tax.

~~(b) A special tax may be levied to provide the services specified in subdivision (c) of Section 53313 only if at least 12 persons, who need not necessarily be the same 12 persons, have been registered to vote within the territory of the proposed community facilities district for each of the 90 days preceding the close of the protest hearing and if two-thirds of the votes cast upon the question of levying the tax are in favor of levying the tax. The limitation contained in this subdivision does not apply to any election subject to subdivision (c) of Section 53326 where only the landowners have the right to vote on a proposed special tax.~~

SEC. 23. Section 53328.3 of the Government Code is amended to read:

53328.3. Upon a determination by the legislative body that the requisite two-thirds of votes cast in an election held pursuant to Section 53326 are in favor of levying the special tax, the clerk of the legislative body shall, within ~~90 days~~ *15 days of a landowner election or within 90 days of a registered voter election*, record the notice of special tax lien provided for in Section 3114.5 of the Streets and Highways Code, whereupon the lien of the special tax shall attach as provided in Section 3115.5 of the Streets and Highways Code. The notice of special tax lien shall be recorded in the office of the county recorder in each county in which any portion of the district is located.

SEC. 24. Section 53329 of the Government Code is amended to read:

53329. After the canvass of returns of any election conducted pursuant to Section 53326, the legislative body shall take no further action with respect to authorizing the specified special tax within the community facilities district for one year from the date of the election if the question of authorizing that specified special tax fails to receive approval by two-thirds of the votes cast upon the question.

SEC. 25. Section 53330.5 of the Government Code is amended to read:

53330.5. Upon approval of a special tax pursuant to Article 2 (commencing with Section 53318), the special tax may be levied only at the rate and may be apportioned only in the manner specified in the resolution of formation, except as provided in this article, and except that the legislative body may levy the special tax at a rate lower than that specified in the resolution. In addition, the special tax may be levied only so long as it is needed to pay the principal and interest on debt incurred in order to construct facilities under authority of this chapter, or so long as it is needed to pay the costs and incidental expenses of services or of the construction of facilities authorized by this chapter.

When the legislative body determines that the special tax shall cease to be levied, the legislative body shall direct the clerk to record a Notice of Cessation of Special Tax which shall state that the obligation to pay the special tax has ceased and that the lien

1 imposed by the Notice of Special Tax Lien recorded as
2 ~~Recorder's Serial Number~~ *recorder's serial or document number*
3 ____ in the records of the County Recorder of ____ County,
4 State of California, is extinguished. The Notice of Cessation of
5 Special Tax shall additionally identify the book and page of the
6 Book of Maps of Assessment and Community Facilities Districts
7 wherein the map of the boundaries of the district is recorded.

8 SEC. 26. Section 53332 of the Government Code is amended
9 to read:

10 53332. (a) If a petition signed by 25 percent or more of the
11 registered voters residing in the district, or by the owners of 25
12 percent or more of the land within the district not exempt from
13 the special tax, is filed with the legislative body requesting that
14 proceedings be commenced to change the types of public
15 facilities or services financed by the district or that the rate or
16 method of apportionment of an existing special tax be changed,
17 *or that territory be removed from the district*, or that a new
18 special tax be levied, the legislative body shall, within 40 days
19 after the payment of the fee required by subdivision (b), adopt a
20 resolution of consideration in the form specified in Section 53334
21 to make those changes within the community facilities district
22 except that an existing special tax being used to pay off any debt
23 incurred under this chapter shall not be reduced or terminated if
24 doing so would interfere with the timely retirement of that debt.

25 (b) Any petition filed by landowners shall be accompanied by
26 the payment of the fee ~~which~~ *in an amount that* the legislative
27 body shall determine within 45 days of receiving the petition.
28 That fee may be imposed in an amount sufficient to compensate
29 the legislative body for all costs incurred in conducting
30 proceedings to change the district pursuant to this article.

31 SEC. 27. Section 53336 of the Government Code is amended
32 to read:

33 53336. At the hearing, protests against the proposals
34 described in the resolution may be made orally, or in writing by
35 any interested persons. Any protests pertaining to the regularity
36 or sufficiency of the proceedings shall be in writing and shall
37 clearly set forth the irregularities or defects to which objection is
38 made. All written protests not personally presented by the
39 protestor at the hearing shall be filed with the clerk of the
40 legislative body on or before the time fixed for the hearing. The

1 legislative body may waive any irregularities in the form or
2 content of any written protest and at the hearing may correct
3 minor defects in the proceedings. Written protests may be
4 withdrawn in writing at any time before the conclusion of the
5 hearing.

6 SEC. 28. Section 53339 of the Government Code is amended
7 to read:

8 53339. Territory may be annexed to an existing community
9 facilities district as provided in this article. The annexed territory
10 need not be contiguous to territory included in the existing
11 community facilities district. The territory proposed to be
12 annexed to the community facilities district may be territory
13 located outside the territorial limits of the agency which formed
14 the community facilities district provided that the territory to be
15 annexed to the community facilities district will be annexed to
16 the respective agency prior to, or concurrently with, the
17 annexation of the subject territory to the community facilities
18 district and, if the annexation of the subject territory to the
19 respective agency is not completed, the subject territory shall not
20 be annexed to the community facilities district. The legislative
21 body of the agency that created the community facilities district
22 shall not adopt a resolution of intention pursuant to Section
23 53339.2 if the territory proposed to be annexed includes territory
24 which is outside the territorial limits of that agency, unless an
25 initial action, petition, or filing for the annexation of that territory
26 to the respective agency has been adopted or filed, as
27 appropriate.

28 SEC. 29. Section 53339.2 of the Government Code is
29 amended to read:

30 53339.2. If the legislative body of the local agency which
31 created a community facilities district determines that public
32 convenience and necessity require that territory be added to the
33 existing community facilities district, or if the voters residing
34 within certain territory or landowners request the legislative body
35 to include territory within the district, the legislative body may
36 adopt a resolution of intention to annex the territory or to provide
37 for future annexation of the territory.

38 SEC. 30. Section 53339.3 of the Government Code is
39 amended to read:

1 53339.3. The resolution of intention to annex the territory or
2 to provide for future annexation of territory shall do all of the
3 following:

4 (a) State the name of the existing community facilities district.

5 (b) Generally describe the territory included in the existing
6 district and the territory proposed to be annexed. As an
7 alternative, the resolution may identify territory proposed for
8 annexation in the future, with the condition that parcels within
9 that territory may be annexed only with the unanimous approval
10 of the owner or owners of each parcel or parcels at the time that
11 parcel or those parcels are annexed.

12 (c) Specify the types of public facilities and services provided
13 pursuant to this chapter in the existing district and the types of
14 public facilities and services to be provided in the territory
15 proposed to be annexed or to be annexed in the future; and
16 include a plan for sharing facilities and providing services that
17 will be provided in common within the existing district and the
18 territory proposed to be annexed or to be annexed in the future.

19 (d) Specify any special taxes which would be levied within the
20 territory proposed to be annexed or to be annexed in the future to
21 pay for public facilities and services provided pursuant to this
22 chapter within that territory. A special tax proposed to pay for
23 services to be supplied within the territory proposed to be
24 annexed or to be annexed in the future shall be equal to any
25 special tax levied to pay for the same services in the existing
26 district, except that a higher or lower tax may be levied within
27 the territory proposed to be annexed or to be annexed in the
28 future to the extent that the actual cost of providing the services
29 in that territory is higher or lower than the cost of providing those
30 services in the existing district. A special tax proposed to pay for
31 public facilities financed with bonds that have already been
32 issued and that are secured by the existing community facilities
33 district shall be the same as the tax levied in the existing district
34 for that purpose, except that a higher special tax may be levied
35 for that purpose within the territory proposed to be annexed or to
36 be annexed in the future to compensate for the interest and
37 principal previously paid by the existing community facilities
38 district, less any depreciation allocable to the public facility. This
39 section shall not be construed to limit the levy of a special tax
40 within the territory to be annexed or to be annexed in the future

1 to provide new or additional services beyond those supplied
2 within the existing territory of the district, or to pay for new or
3 additional public facilities, with or without bond financing.

4 (e) Specify any alteration in the ~~probable special tax rate~~
5 *levied special tax rate that the legislative body expects to levy*
6 within the existing community facilities district ~~as a result of~~
7 *after* the proposed annexation. The maximum tax rate in the
8 existing community facilities district may not be increased as a
9 result of proceedings pursuant to this article.

10 (f) Fix a time and place for a hearing upon the resolution
11 which shall not be less than 30 nor more than 60 days after the
12 adoption by the legislative body of the resolution of intention to
13 annex territory or to provide for future annexation of territory
14 pursuant to Section 53339.2.

15 SEC. 31. Section 53339.5 of the Government Code is
16 amended to read:

17 53339.5. At the hearing, protests against the proposals
18 described in the resolution of intention may be made orally or in
19 writing by any interested person. Any protests pertaining to the
20 regularity or sufficiency of the proceedings shall be in writing
21 and shall clearly set forth the irregularities or defects to which
22 objection is made. All written protests not personally presented
23 by the protestor at the hearing shall be filed with the clerk of the
24 legislative body prior to the time fixed for the hearing. The
25 legislative body may waive any irregularities in the form or
26 content of any written protest and at the hearing may correct
27 minor defects in the proceedings. Written protests may be
28 withdrawn in writing at any time before the conclusion of the
29 hearing.

30 SEC. 32. Section 53339.6 of the Government Code is
31 amended to read:

32 53339.6. If 50 percent or more of the registered voters, or six
33 registered voters, whichever is more, residing within the existing
34 community facilities district, or if 50 percent or more of the
35 registered voters or six registered voters, whichever is more,
36 residing within the territory proposed for annexation or proposed
37 to be annexed in the future, or if the owners of one-half or more
38 of the area of land in the territory included in the existing district
39 and not exempt from the special tax, or if the owners of one-half
40 or more of the area of land in the territory proposed to be

1 annexed or proposed to be annexed in the future and not exempt
2 from the special tax as proposed, file written protests against the
3 proposed annexation of territory to the existing community
4 facilities district or the proposed addition of territory to the
5 existing community facilities district in the future, and protests
6 are not withdrawn so as to reduce the protests to less than a
7 majority, no further proceedings shall be undertaken to annex the
8 same territory, or to authorize the same territory to be annexed in
9 the future, for a period of one year from the date of decision of
10 the legislative body on the issues discussed at the hearing.

11 SEC. 33. Section 53339.7 of the Government Code is
12 amended to read:

13 53339.7. (a) The hearing may be continued from time to
14 time, but shall be completed within 30 days. At the conclusion of
15 the hearing, the legislative body may abandon the proceedings,
16 may, after passing upon all protests, submit the question of
17 levying a special tax within the area proposed to be annexed to
18 the existing community facilities district to the qualified electors
19 of the area proposed to be annexed as specified in Article 2
20 (commencing with Section 53318), or may provide for the
21 annexation of territory proposed for annexation in the future
22 upon the unanimous approval of the owner or owners of each
23 parcel or parcels at the time that the parcel or parcels are
24 annexed, without additional hearings.

25 (b) Notwithstanding any other provision of law, when the
26 question of levying a special tax within the areas proposed to be
27 annexed into an existing community facilities district appears on
28 the same ballot as the question of annexation of the same
29 territory to a local agency the effectiveness of each ballot
30 measure may be made contingent on the passage of the other
31 ballot measure.

32 SEC. 34. Section 53339.8 of the Government Code is
33 amended to read:

34 53339.8. (a) After the canvass of returns of any election
35 conducted in accordance with Section 53339.7, the legislative
36 body shall determine that the area proposed to be annexed is
37 added to and part of the existing community facilities district
38 with full legal effect, and the legislative body may levy any
39 special tax within the annexed territory, as specified in the
40 resolution of intention to annex adopted pursuant to Section

1 53339.2, and as specified in the ordinance adopted pursuant to
2 Section 53340, if two-thirds of the votes cast on the proposition
3 are in favor of levying the special tax.

4 (b) Upon a determination by the legislative body that the area
5 proposed to be annexed is added to the existing community
6 facilities district, the clerk of the legislative body shall record
7 notice of the annexation pursuant to Section 3117.5 of the Streets
8 and Highways Code.

9 SEC. 35. Section 53340 of the Government Code is amended
10 to read:

11 53340. (a) After a community facilities district has been
12 created and authorized to levy specified special taxes pursuant to
13 Article 2 (commencing with Section 53318), Article 3
14 (commencing with Section 53330), or Article 3.5 (commencing
15 with Section 53339), the legislative body may, by ordinance,
16 levy the special taxes at the rate and apportion them in the
17 manner specified in the resolution adopted pursuant to Article 2
18 (commencing with Section 53318), Article 3 (commencing with
19 Section 53330), or Article 3.5 (commencing with Section 53339).

20 (b) The legislative body may provide, by resolution, for the
21 levy of the special tax in the current tax year or future tax years
22 at the same rate or at a lower rate than the rate provided by
23 ordinance, if the resolution is adopted and a certified list of all
24 parcels subject to the special tax levy including the amount of the
25 tax to be levied on each parcel for the applicable tax year, is filed
26 by the clerk or other official designated by the legislative body
27 with the county auditor on or before the 10th day of August of
28 that tax year. The clerk or other official designated by the
29 legislative body may file the certified list after the 10th of August
30 but not later than the 21st of August if the clerk or other official
31 obtains prior written consent of the county auditor.

32 (c) Properties or entities of the state, federal, or ~~other~~ local
33 governments shall, *except for property of which a local agency is*
34 *a landowner within the meaning of subdivision (f) of Section*
35 *53317, or except* as otherwise provided in Section 53317.3, be
36 exempt from the special tax. No other properties or entities are
37 exempt from the special tax unless the properties or entities are
38 expressly exempted in the resolution of formation to establish a
39 district adopted pursuant to Section 53325.1 or in a resolution of
40 consideration to levy a new special tax or special taxes or to alter

1 the rate or method of apportionment of an existing special tax as
2 provided in Section 53334.

3 (d) The proceeds of any special tax may only be used to pay,
4 in whole or part, the cost of providing public facilities, services,
5 and incidental expenses pursuant to this chapter.

6 (e) The special tax shall be collected in the same manner as
7 ordinary ad valorem property taxes are collected and shall be
8 subject to the same penalties and the same procedure, sale, and
9 lien priority in case of delinquency as is provided for ad valorem
10 taxes, unless another procedure has been authorized in the
11 resolution of formation establishing the district and adopted by
12 the legislative body.

13 (f) (1) Notwithstanding subdivision (e), the legislative body of
14 the district may waive all or any portion of the delinquency
15 penalties and redemption penalties if it makes all of the following
16 determinations:

17 (A) The waivers shall apply only to parcels delinquent at the
18 time of the determination.

19 (B) The waivers shall be available only with respect to parcels
20 for which all past due and currently due special taxes and all
21 other costs due are paid in full within a limited period of time
22 specified in the determination.

23 (C) The waivers shall be available only with respect to parcels
24 sold or otherwise transferred to new owners unrelated to the
25 owner responsible for the delinquency.

26 (D) The waivers are in the best interest of the debtholders.

27 (2) The charges with penalties to be waived shall be removed
28 from the tax roll pursuant to Section 53356.2 and local
29 administrative procedures, and any distributions made to the
30 district prior to collection pursuant to Chapter 3 (commencing
31 with Section 4701) of Part 8 of Division 1 of the Revenue and
32 Taxation Code shall be repaid by the district prior to granting the
33 waiver.

34 (g) The tax collector may collect the special tax at intervals as
35 specified in the resolution of formation, including intervals
36 different from the intervals at which the ordinary ad valorem
37 property taxes are collected. The tax collector may deduct the
38 reasonable administrative costs incurred in collecting the special
39 tax.

1 (h) All special taxes levied by a community facilities district
2 shall be secured by the lien imposed pursuant to Section 3115.5
3 of the Streets and Highways Code. This lien shall be a continuing
4 lien and shall secure each levy of special taxes. The lien of the
5 special tax shall continue in force and effect until the special tax
6 obligation is prepaid, permanently satisfied, and canceled in
7 accordance with Section 53344 or until the special tax ceases to
8 be levied by the legislative body in the manner provided in
9 Section 53330.5. If any portion of a parcel is encumbered by a
10 lien pursuant to this chapter, the entirety of the parcel shall be
11 encumbered by that lien.

12 SEC. 36. Section 53340.2 of the Government Code is
13 amended to read:

14 53340.2. (a) The legislative body levying the special tax
15 shall designate an office, department, or bureau of the local
16 agency which shall be responsible for annually preparing the
17 current roll of special tax levy obligations by assessor's parcel
18 number on nonexempt property within the district and which will
19 be responsible for estimating future special tax levies. The
20 designated office, department, or bureau shall be the same office,
21 department, or bureau that prepares the "NOTICE OF
22 ASSESSMENT" required by Section 53754. If notice is required
23 under both this section and Section 53754, the notices shall, to
24 the extent feasible, be combined into a single notice document.
25 The designated office, department, or bureau shall establish
26 procedures to promptly respond to inquiries concerning current
27 and future estimated tax liability. Neither the designated office,
28 department, or bureau, nor the legislative body, shall be liable if
29 any estimate of future tax liability is inaccurate, nor for any
30 failure of any seller to request a Notice of Special Tax or to
31 provide the notice to a buyer.

32 (b) For purposes of enabling sellers of real property subject to
33 the levy of special taxes to satisfy the notice requirements of
34 subdivision (b) of Section 1102.6 of the Civil Code, the
35 designated office, department, or bureau shall furnish a Notice of
36 Special Tax to any individual requesting the notice or any owner
37 of property subject to a special tax levied by the local agency
38 within five working days of receiving a request for such notice.
39 The local agency may charge a fee for this service not to exceed
40 the estimated reasonable cost of providing the service.

(c) The notice shall contain the heading “NOTICE OF SPECIAL TAX” in type no smaller than 8-point type, and shall be in substantially the following form. The form may be modified as needed to clearly and accurately describe the tax structure and other characteristics of districts created before January 1, 1993, or to clearly and accurately consolidate information about the tax structure and other characteristics of two or more districts that levy or are authorized to levy special taxes with respect to the lot, parcel, or unit, or to clearly and accurately describe a tax rate that will change with a change in the use of a parcel, or that will be levied only once. The notice shall be completed by the designated office, department, or bureau except for the signatures and date of signing:

NOTICE OF SPECIAL TAX

COMMUNITY FACILITIES DISTRICT NO. _____
COUNTY OF _____, CALIFORNIA

TO: THE PROSPECTIVE PURCHASER OF THE REAL
PROPERTY KNOWN AS:

THIS IS A NOTIFICATION TO YOU PRIOR TO YOUR
PURCHASING THIS PROPERTY.

(1) This property is subject to a special tax, which is in addition to the regular property taxes and any other charges and benefit assessments on the parcel. This special tax may not be imposed on all parcels within the city or county where the property is located. If you fail to pay this tax when due each year, the property may be foreclosed upon and sold. The tax is used to provide public facilities or services that are likely to particularly benefit the property. YOU SHOULD TAKE THIS TAX AND THE BENEFITS FROM THE PUBLIC FACILITIES AND SERVICES FOR WHICH IT PAYS INTO ACCOUNT IN DECIDING WHETHER TO BUY THIS PROPERTY.

(2) The maximum special tax which may be levied against this parcel to pay for public facilities is \$_____ during the _____ tax

1 year. This amount will increase by ___ percent per year after that
(if applicable). The special tax will be levied each year until all
of the authorized facilities are built and all special tax bonds are
repaid, but in any case not after the ____–__ tax year.

An additional special tax will be used to pay for ongoing
services, if applicable. The maximum amount of this tax is ____
dollars (\$____) during the ____–__ tax year. This amount may
increase by ____, if applicable, and may be levied until the
____–__ tax year (or forever, as applicable).

(3) The authorized facilities which are being paid for by the
special taxes, and by the money received from the sale of bonds
which are being repaid by the special taxes, are:

These facilities may not yet have all been constructed or
acquired and it is possible that some may never be constructed or
acquired.

In addition, the special taxes may be used to pay for costs of
the following services:

YOU MAY OBTAIN A COPY OF THE RESOLUTION OF
FORMATION WHICH AUTHORIZED CREATION OF THE
COMMUNITY FACILITIES DISTRICT, AND WHICH
SPECIFIES MORE PRECISELY HOW THE SPECIAL TAX IS
APPORTIONED AND HOW THE PROCEEDS OF THE TAX
WILL BE USED, FROM THE _____ (name of jurisdiction)
BY CALLING _____ (telephone number). THERE MAY BE A
CHARGE FOR THIS DOCUMENT NOT TO EXCEED THE
ESTIMATED REASONABLE COST OF PROVIDING THE
DOCUMENT.

I (WE) ACKNOWLEDGE THAT I (WE) HAVE RECEIVED
A COPY OF THIS NOTICE. I (WE) UNDERSTAND THAT I
(WE) MAY TERMINATE THE CONTRACT TO PURCHASE
OR DEPOSIT RECEIPT AFTER RECEIVING THIS NOTICE
FROM THE OWNER OR AGENT SELLING THE
PROPERTY. THE CONTRACT MAY BE TERMINATED
WITHIN THREE DAYS IF THE NOTICE WAS RECEIVED
IN PERSON OR WITHIN FIVE DAYS AFTER IT WAS
DEPOSITED IN THE MAIL BY GIVING WRITTEN NOTICE
OF THAT TERMINATION TO THE OWNER OR AGENT
SELLING THE PROPERTY.

DATE: _____

1 _____
2 _____
3 SEC. 37. Section 53340.25 is added to the Government Code,
4 to read:

5 53340.25. If the legislative body of a local agency has
6 adopted a resolution of intention to establish a district pursuant to
7 Section 53321, or to annex territory to a district pursuant to
8 Section 53339.2, but has not yet completed proceedings to
9 establish a district and levy a special tax, or to annex territory,
10 the local agency shall require sellers of property within the area
11 of the proposed district or within the area proposed to be annexed
12 to provide notice to prospective buyers of that property that:

13 (a) The local agency has instituted proceedings to create a
14 community facilities district and to levy a special tax that may
15 apply to the property.

16 (b) More information about the possible special tax and the
17 state of the district formation process can be obtained by
18 contacting a designated official or representative of the local
19 agency.

20 SEC. 38. Section 53341.5 of the Government Code is
21 amended to read:

22 53341.5. (a) If a lot, parcel, or unit of a subdivision is subject
23 to a special tax levied pursuant to this chapter, the subdivider, his
24 or her agent, or representative, shall not sell, or lease for a term
25 exceeding five years, or permit a prospective purchaser or lessor
26 to sign a contract of purchase or a deposit receipt or any
27 substantially equivalent document in the event of a lease with
28 respect to the lot, parcel, or unit, or cause it to be sold or leased
29 for a term exceeding five years, until the prospective purchaser or
30 lessee of the lot, parcel, or unit has been furnished with and has
31 signed a written notice as provided in this section. The notice
32 shall contain the heading "NOTICE OF SPECIAL TAX" in type
33 no smaller than 8-point type, and shall be in substantially the
34 following form. The form may be modified as needed to clearly
35 and accurately describe the tax structure and other characteristics
36 of districts created before January 1, 1993, or to clearly and
37 accurately consolidate information about the tax structure and
38 other characteristics of two or more districts that levy or are
39 authorized to levy special taxes with respect to the lot, parcel, or
40 unit:

1 NOTICE OF SPECIAL TAX
2 COMMUNITY FACILITIES DISTRICT NO. ____
3 COUNTY OF ____, CALIFORNIA
4

5 TO: THE PROSPECTIVE PURCHASER OF THE
6 REAL PROPERTY KNOWN AS:
7
8
9 _____
10 _____

11 THIS IS A NOTIFICATION TO YOU PRIOR TO YOUR
12 ENTERING INTO A CONTRACT TO PURCHASE THIS
13 PROPERTY. THE SELLER IS REQUIRED TO GIVE YOU
14 THIS NOTICE AND TO OBTAIN A COPY SIGNED BY YOU
15 TO INDICATE THAT YOU HAVE RECEIVED AND READ A
16 COPY OF THIS NOTICE.

17 (1) This property is subject to a special tax, which is in
18 addition to the regular property taxes and any other charges, fees,
19 special taxes, and benefit assessments on the parcel. It is imposed
20 on this property because it is a new development, and is not
21 necessarily imposed generally upon property outside of this new
22 development. If you fail to pay this tax when due each year, the
23 property may be foreclosed upon and sold. The tax is used to
24 provide public facilities or services that are likely to particularly
25 benefit the property. YOU SHOULD TAKE THIS TAX AND
26 THE BENEFITS FROM THE FACILITIES AND SERVICES
27 FOR WHICH IT PAYS INTO ACCOUNT IN DECIDING
28 WHETHER TO BUY THIS PROPERTY.

29 (2) The maximum special tax which may be levied against this
30 parcel to pay for public facilities is \$_____ during the ____-____
31 tax year. This amount will increase by ____ percent per year after
32 that (if applicable). The special tax will be levied each year until
33 all of the authorized facilities are built and all special tax bonds
34 are repaid, but in any case not after the ____-____ tax year. An
35 additional special tax will be used to pay for ongoing service
36 costs, if applicable. The maximum amount of this tax is _____
37 dollars (\$_____) during the ____-____ tax year. This amount may
38 increase by _____, if applicable, and that part may be levied until
39 the ____-____ tax year (or forever, as applicable).

(3) The authorized facilities which are being paid for by the special taxes, and by the money received from the sale of bonds which are being repaid by the special taxes, are:

These facilities may not yet have all been constructed or acquired and it is possible that some may never be constructed or acquired.

In addition, the special taxes may be used to pay for costs of the following services:

YOU MAY OBTAIN A COPY OF THE RESOLUTION OF INFORMATION WHICH AUTHORIZED CREATION OF THE COMMUNITY FACILITIES DISTRICT, AND WHICH SPECIFIES MORE PRECISELY HOW THE SPECIAL TAX IS APPORTIONED AND HOW THE PROCEEDS OF THE TAX WILL BE USED, FROM THE ____ (name of jurisdiction) BY CALLING ____ (telephone number). THERE MAY BE A CHARGE FOR THIS DOCUMENT NOT TO EXCEED THE REASONABLE COST OF PROVIDING THE DOCUMENT.

I (WE) ACKNOWLEDGE THAT I (WE) HAVE READ THIS NOTICE AND RECEIVED A COPY OF THIS NOTICE PRIOR TO ENTERING INTO A CONTRACT TO PURCHASE OR SIGNING A DEPOSIT RECEIPT WITH RESPECT TO THE ABOVE-REFERENCED PROPERTY. I (WE) UNDERSTAND THAT I (WE) MAY TERMINATE THE CONTRACT TO PURCHASE OR DEPOSIT RECEIPT WITHIN THREE DAYS AFTER RECEIVING THIS NOTICE IN PERSON OR WITHIN FIVE DAYS AFTER IT WAS DEPOSITED IN THE MAIL BY GIVING WRITTEN NOTICE OF THAT TERMINATION TO THE OWNER, SUBDIVIDER, OR AGENT SELLING THE PROPERTY.

DATE: _____

(b) "Subdivision," as used in subdivision (a), means improved or unimproved land that is divided or proposed to be divided for the purpose of sale, lease, or financing, whether immediate or future, into two or more lots, parcels, or units and includes a condominium project, as defined by Section 1350 of the Civil Code, a community apartment project, a stock cooperative, and a

1 limited-equity housing cooperative, as defined in Sections 11004,
2 11003.2, and 11003.4, respectively, of the Business and
3 Professions Code.

4 (c) The buyer shall have three days after delivery in person or
5 five days after delivery by deposit in the mail of any notice
6 required by this section, to terminate his or her agreement by
7 delivery of written notice of that termination to the owner,
8 subdivider, or agent.

9 (d) The failure to furnish the notice to the buyer or lessee, and
10 failure of the buyer or lessee to sign the notice of special tax,
11 shall not invalidate any grant, conveyance, lease, or
12 encumbrance.

13 (e) Any person or entity who willfully violates the provisions
14 of this section shall be liable to the purchaser of a lot or unit
15 which is subject to the provisions of this section, for actual
16 damages, and in addition thereto, shall be guilty of a public
17 offense punishable by a fine in an amount not to exceed five
18 hundred dollars (\$500). In an action to enforce such liability or
19 fine, the prevailing party shall be awarded reasonable attorney's
20 fees.

21 SEC. 39. Section 53343 of the Government Code is amended
22 to read:

23 53343. Any special taxes or charges collected pursuant to this
24 chapter may only be used for facilities and services authorized by
25 this chapter.

26 SEC. 40. Section 53343.1 of the Government Code is
27 amended to read:

28 53343.1. For any community facilities district formed after
29 January 1, 1992, the community facilities district shall prepare, if
30 requested by a person who resides in or owns property in the
31 district, within 120 days after the last day of each fiscal year, a
32 separate document titled an "Annual Report." The district may
33 charge a fee for the report not exceeding the actual costs of
34 preparing the report. The report shall include the following
35 information for the fiscal year:

36 (a) The amount of special taxes collected for the year.

37 (b) The amount of other moneys collected for the year and
38 their source, including interest earned.

39 (c) The amount of moneys expended for the year.

1 (d) A summary of the amount of moneys expended for the
2 following:

3 (1) Facilities, including property.

4 (2) Services.

5 (3) The costs of bonded indebtedness.

6 (4) The costs of collecting the special tax under Section
7 53340.

8 (5) Other administrative and overhead costs.

9 (e) For moneys expended for facilities, including property, an
10 identification of the categories of each type of facility funded
11 with amounts expended in each category, including the total
12 percentage of the cost of each type of facility that was funded
13 with bond proceeds or special taxes.

14 (f) For moneys expended for services, an identification of the
15 categories of each type of service funded with amounts expended
16 in each category, including the total percentage of the cost of
17 each type of service that was funded with bond proceeds or
18 special taxes.

19 (g) For moneys expended for other administrative costs, an
20 identification of each of these costs.

21 (h) A certification and explanation by the district of how the
22 moneys described in subdivisions (d), (e), (f), and (g) comply
23 with Section 53343.

24 The Annual Report shall contain references to the relevant
25 sections of the resolution of formation of the district so that
26 interested persons may confirm that bond proceeds and special
27 taxes are being used for authorized purposes. The annual report
28 shall be made available to the public upon request.

29 SEC. 41. Section 53344 of the Government Code is amended
30 to read:

31 53344. In the event that the legislative body has specified
32 conditions pursuant to Section 53321 under which the obligation
33 to pay the special tax identified therein may be prepaid and
34 permanently satisfied, and if the special tax is so prepaid and
35 permanently satisfied as to a particular parcel of land, the
36 legislative body shall prepare and record in the office of the
37 county recorder of the county in which the parcel of land is
38 located, and the county recorder shall accept for recordation, a
39 Notice of Cancellation of Special Tax Lien as to that parcel. The
40 Notice of Cancellation of Special Tax Lien shall identify with

1 particularity the special tax which has been prepaid and
2 permanently satisfied, shall state the book and page number or
3 the document or instrument number, as appropriate, in the
4 records of the county recorder where the Notice of Special Tax
5 Lien being canceled is recorded, shall contain the legal
6 description and assessor's parcel number of the particular parcel
7 of land subject to the lien, and shall contain the name of the
8 owner of record of the parcel. The recorder shall mail the original
9 Notice of Cancellation of Special Tax Lien to the owner of the
10 property after recording the document. The legislative body may
11 specify a charge for the preparation and recordation of this
12 notice.

13 SEC. 42. Section 53344.2 of the Government Code is
14 repealed.

15 SEC. 43. Section 53345 of the Government Code is amended
16 to read:

17 53345. Whenever the legislative body deems it necessary for
18 the community facilities district to incur a bonded indebtedness,
19 it shall, by resolution, set forth all of the following:

- 20 (a) A declaration of the necessity for the indebtedness.
- 21 (b) The purpose for which the proposed debt is to be incurred.
- 22 (c) The amount of the proposed debt. The legislative body
23 may provide for a reduction in the amount of proposed debt in
24 compliance with the provisions of Section 53313.9.
- 25 (d) The time and place for a hearing by the legislative body on
26 the proposed debt authorization.

27 SEC. 44. Section 53352 of the Government Code is amended
28 to read:

29 53352. The resolution provided for in Section 53351 shall
30 constitute the notice of such special bond election and such
31 resolution shall be published in a newspaper of general
32 circulation circulating within the area unless all of the qualified
33 electors waive this requirement in writing.

34 SEC. 45. Section 53354 of the Government Code is amended
35 to read:

36 53354. If the area designated in the resolution adopted
37 pursuant to Section 53351 does not include the entire community
38 facilities district, a separate ballot shall be prepared for the vote
39 upon the proposition to authorize bonds and to levy a special tax

1 for payment of such bonds and only the voters entitled thereto
2 shall be given such ballots.

3 SEC. 46. Section 53355 of the Government Code is amended
4 to read:

5 53355. A two-thirds vote shall be required for the issuance of
6 bonds under authority of this chapter.

7 SEC. 47. Section 53356 of the Government Code is amended
8 to read:

9 53356. If more than two-thirds of the votes cast at the
10 election are in favor of incurring the indebtedness, the legislative
11 body may, by resolution, at the time or times it deems proper,
12 provide for the following:

13 (a) The form of the bonds.

14 (b) The execution of the bonds.

15 (c) The issuance of any part of the bonds.

16 (d) The appointment of one or more banks or trust companies
17 within or without the state having the necessary trust powers as
18 trustee, fiscal agent, paying agent, or bond registrar.

19 (e) The execution of a trust agreement or indenture or other
20 instrument securing the bonds.

21 (f) The pledge or assignment of any revenues of the
22 community facilities district to the repayment of the bonds.

23 (g) The investment of any bond proceeds and other revenues,
24 including special tax revenues, by the trustee or fiscal agent in
25 any securities or obligations described in the resolution,
26 indenture, trust agreement, or other instrument providing for the
27 issuance of the bonds. Investment subject to this subdivision
28 shall comply with Section 53356.03. The resolution may provide
29 for payment to the United States from any available revenues of
30 a community facilities district of any excess investment earnings
31 required to be rebated by federal law.

32 (h) The date or dates to be borne by the bonds and the time or
33 times of maturity of the bonds and the place or places and time or
34 times that the bonds shall be payable.

35 (i) The interest, fixed or variable, to be borne by the bonds.

36 (j) The denominations, form, and registration privileges of the
37 bonds.

38 (k) Any other terms and conditions determined to be necessary
39 by the legislative body.

1 SEC. 48. Section 53356.1 of the Government Code is
2 amended to read:

3 53356.1. (a) As a cumulative remedy, if debt is outstanding,
4 the legislative body may, not later than four years after the due
5 date of the last installment of principal thereof, order that any
6 delinquent special taxes levied in whole or in part for payment of
7 the debt, together with any penalties, interest, and costs, be
8 collected by an action brought in the superior court to foreclose
9 the lien of special tax.

10 (b) The legislative body may, by resolution, adopted prior to
11 the issuance of debt under this chapter covenant for the benefit of
12 debt holders to commence and diligently pursue any foreclosure
13 action regarding delinquent installments of any amount levied as
14 a special tax in whole or in part for the payment of interest or
15 principal of any bonds that are issued, and, at any time may
16 assign the causes of action arising from the foreclosure to a
17 trustee or joint powers authority to do so on behalf of the
18 debtholders. The resolution may specify a deadline for
19 commencement of the foreclosure action and any other terms and
20 conditions the legislative body determines reasonable regarding
21 the foreclosure action.

22 (c) Except as provided in Section 53356.6, all special taxes,
23 interest, penalties, costs, fees, and other charges that are
24 delinquent at the time of the ordering of a foreclosure action shall
25 be collected in the action. In the event that a lot or parcel of
26 property has not been sold pursuant to judgment in the
27 foreclosure action at the time that subsequent special taxes
28 become delinquent, the court may include the subsequent special
29 taxes, interest, penalties, costs, fees, and other charges in the
30 judgment or modified judgment.

31 (d) For purposes of financing delinquent special taxes pursuant
32 to Section 26220 of the Government Code, the legislative body
33 may act as if it were a board of supervisors.

34 (e) Notwithstanding any other provision of this chapter, no
35 trustee or joint powers authority shall be obligated to accept the
36 tender of bonds in satisfaction of any obligation arising from a
37 delinquent special tax, although either may do so if authorized to
38 do so by the legislative body.

39 (f) An action to determine the validity of any bonds issued,
40 any joint powers agreement entered into, and any related

1 agreements entered into, by a joint powers agency acting
2 pursuant to this section may be brought by the joint powers
3 agency pursuant to Chapter 9 (commencing with Section 860) of
4 Title 10 of Part 2 of the Code of Civil Procedure. Any appeal
5 from a judgment in the action shall be commenced within 30
6 days after entry of judgment.

7 SEC. 49. Section 53356.15 is added to the Government Code,
8 to read:

9 53356.15. This section applies if delinquent special taxes,
10 together with any penalties, interest, and costs, are collected
11 through sale of the property by the tax collector pursuant to
12 Chapter 7 (commencing with Section 3691) of Part 6 of Division
13 1 of the Revenue and Taxation Code.

14 (a) If the property is sold for at least the “total amount
15 necessary to redeem” plus costs, pursuant to Section 3698.5 of
16 the Revenue and Taxation Code, the sale of the property shall
17 extinguish the delinquent special taxes, interest, penalties, and
18 costs included in the sale price.

19 (b) If the property is sold for less than “the total amount
20 necessary to redeem” plus costs, pursuant to Section 3698.5 of
21 the Revenue and Taxation Code, the following provisions apply:

22 (1) The portion of the sales price paid by the tax collector to
23 the local agency on account of the delinquent special taxes shall
24 be credited by the local agency first to delinquent interest and
25 redemption penalties, and then to delinquent principal.

26 (2) The remainder of the delinquent special taxes and
27 redemption penalties, if any, shall remain due and owing.

28 (3) Redemption penalties shall continue to accrue on
29 remaining unpaid delinquent special taxes.

30 (4) The remaining unpaid amount, with penalties, may be
31 added as post-judgment delinquencies to any existing unsatisfied
32 foreclosure judgment against the property, or may be collected in
33 a new foreclosure action filed pursuant to this chapter.

34 SEC. 50. Section 53356.3 of the Government Code is
35 amended to read:

36 53356.3. At any time after the tax collector has been relieved
37 of his or her duty to collect sums under Section 53356.2 and
38 before judgment in a foreclosure action, the local agency or
39 trustee shall dismiss the action upon payment of all of the
40 following:

1 (a) The amount of any delinquent special taxes together with
2 any penalties, interest, and costs accrued thereon to date of
3 complete payment hereunder.

4 (b) Costs of suit, including, but not limited to, litigation
5 guarantees provided by title companies with respect to all claims
6 of ownership or interest in the subject property.

7 (c) Attorneys' fees authorized by the local agency.

8 (d) The tax collector's costs authorized by subdivision (d) of
9 Section 53356.2.

10 *SEC. 52. Section 53356.6 of the Government Code is*
11 *amended to read:*

12 53356.6. (a) Property sold hereunder may not be sold for less
13 than the amount of the judgment, *including any amendments to*
14 *the judgment*, plus postjudgment interest and authorized costs
15 without the consent of the owners of 75 percent by value of the
16 outstanding bonds, *except as provided in this section.*

17 (b) *The legislative body may authorize property to be sold*
18 *hereunder for a specified minimum purchase price that is no less*
19 *than the greater of the following:*

20 (1) *The fair market value of the property based on an Member*
21 *Appraisal Institute (MAI) appraisal that is no more than six*
22 *months old.*

23 (2) *The total of the following:*

24 (A) *The special taxes included in the judgment less any*
25 *portions thereof levied for reserve fund replenishment and*
26 *anticipated delinquencies, plus 10 percent of the resulting*
27 *amount.*

28 (B) *Interest on the amount in subparagraph (A) at a blended*
29 *rate in proportion to the amount of bonds outstanding for each*
30 *series of bonds secured by the delinquent special taxes included*
31 *in the judgment using a rate, for each series of bonds, that is*
32 *four-tenths of 1 percent above the federal arbitrage yield, from*
33 *federal form 8038-G or its successor, or an equivalent*
34 *calculation for taxable bonds, for that series of bonds, with the*
35 *result rounded to the next higher one-hundredth of 1 percent.*

36 (C) *The amount of any current reserve fund deficiencies,*
37 *including any deficiency reasonably likely to occur as a result of*
38 *the existing delinquent special taxes, attributable to the property*
39 *being sold.*

1 (D) *The fees and costs awarded in the judgment and otherwise*
2 *awarded by the court.*

3 (E) *Postjudgment fees and costs including costs of sale.*

4 (c) *Prior to authorizing a minimum purchase price under*
5 *subdivision (b) the local legislative body shall determine that the*
6 *sale, at the specified minimum purchase price, is in the best*
7 *interests of the debtholders.*

8 (d) *The following persons or entities may not purchase a*
9 *parcel at any foreclosure sale for less than the amount of the*
10 *judgment, as it may be amended, plus postjudgment interest and*
11 *authorized costs:*

12 (1) *Defendants in the foreclosure lawsuit, their agents, or*
13 *related parties.*

14 (2) *Persons and entities that held an unrecorded interest in the*
15 *parcel at the time that lis pendens relating to the foreclosure*
16 *lawsuit was filed.*

17 (e) *Persons and entities unrelated to the defendants who*
18 *acquire an interest in the parcel after the recording of the lis*
19 *pendens, may purchase the parcel for less than the amount of the*
20 *judgment pursuant to subdivision (b).*

21 (f) *The plaintiff in the foreclosure action may credit bid up to*
22 *the amount of the judgment, as described in subdivision (a).*

23 (g) *Any amounts realized from the sale in excess of the*
24 *minimum purchase price, up to the full amount of the judgment*
25 *as described in subdivision (a), shall be paid to the plaintiff.*

26 ~~SEC. 52.~~

27 SEC. 53. Section 53356.9 of the Government Code is
28 amended to read:

29 53356.9. Notwithstanding any other provision of this chapter
30 or any other provision of law applicable to foreclosure action, the
31 judgment of foreclosure and sale of a lot or parcel pursuant to
32 this chapter shall not terminate or otherwise affect the rights of
33 the holder of an easement in that lot or parcel, unless the
34 agreement granting the easement provides that the easement shall
35 be terminated upon foreclosure of the lot or parcel.

36 ~~SEC. 53.~~

37 SEC. 54. Section 53359.5 of the Government Code is
38 amended to read:

39 53359.5. (a) The legislative body shall, no later than 30 days
40 prior to the sale of any bonds pursuant to this article, give written

notice of the proposed sale to the California Debt and Investment Advisory Commission by mail, postage prepaid, as required by Chapter 11.5 (commencing with Section 8855) of Division 1 of Title 2.

(b) On and after January 1, 1993, each year after the sale of any bonds, including refunding bonds, pursuant to this article, and until the final maturity of the bonds, the legislative body shall, not later than October 30 of each year, supply the following information to the California Debt and Investment Advisory Commission by mail, postage prepaid:

- (1) The principal amount of bonds outstanding.
- (2) The balance in the bond reserve fund.
- (3) The balance in the capitalized interest fund, if any.
- (4) The number of parcels that are delinquent with respect to their special tax payments, the amount that each parcel is delinquent, the length of time that each has been delinquent, and when foreclosure was commenced for each delinquent parcel.

(5) The balance in any construction funds.

(6) The assessed value of all parcels subject to special tax to repay the bonds as shown on the most recent equalized roll.

(c) In addition, with respect to any bonds sold pursuant to this article, regardless when sold, and until the final maturity of the bonds, the legislative body shall notify the California Debt and Investment Advisory Commission by mail, postage prepaid, within 10 days if any of the following events occur:

(1) The local agency or its trustee fails to pay principal and interest due on any scheduled payment date.

(2) Funds are withdrawn from a reserve fund to pay principal and interest on the bonds that reduce the reserve fund to less than 85 percent of the reserve requirement.

(d) Neither the legislative body nor the California Debt and Investment Advisory Commission shall be liable for any inadvertent error in reporting the information required by this section.

~~SEC. 54.~~

SEC. 55. Section 53360 of the Government Code is amended to read:

53360. The community facilities district may sell the bonds so issued at the times or in the manner the legislative body deems to be to the public interest. However, except as otherwise

1 provided in Section 53360.4, all bonds shall be sold on sealed
2 proposals or through generally accepted electronic means to the
3 highest bidder, after advertising for bids by publication of notice
4 of sale pursuant to Section 53692. If no bids are received or if the
5 legislative body determines that the bids received are not
6 satisfactory as to price or responsibility of the bidders, the
7 legislative body may reject all bids received, if any, and either
8 readvertise or sell the bonds at private sale.

9 ~~SEC. 55.~~

10 *SEC. 56.* Section 53362.5 of the Government Code is
11 amended to read:

12 53362.5. Refunding bonds shall not be issued if the total
13 interest cost to maturity on the refunding bonds plus the principal
14 amount of the refunding bonds exceeds the total interest cost to
15 maturity on the bonds to be refunded plus the principal amount of
16 the bonds to be refunded. Subject to such limitations, the
17 principal amount of the refunding bonds may be more than, less
18 than, or the same as the principal amount of the bonds to be
19 refunded.

20 ~~SEC. 56.~~

21 *SEC. 57.* Section 53363.7 of the Government Code is
22 amended to read:

23 53363.7. The designated costs of issuing the refunding bonds,
24 as defined by Section 53363.8, may be paid by the purchaser of
25 the refunding bonds or may be paid from any other legally
26 available source, including any available revenues of the
27 legislative body, the proceeds of sale of the refunding bonds, the
28 interest or other gain derived from the investment of any of the
29 proceeds of sale of the refunding bonds, or any combination
30 thereof, as determined by the legislative body. However, any
31 amounts paid by the local agency other than from the proceeds of
32 sale of the refunding bonds or from interest or other gains
33 derived from the investment of the proceeds of sale shall be
34 added to the total interest cost to maturity on the refunding bonds
35 in determining whether the issuance of the refunding bonds
36 complies with Section 53362.5.

37 ~~SEC. 57. Section 53364.2 of the Government Code is~~
38 ~~amended to read:~~

39 ~~53364.2. (a) If further facilities or services are authorized to~~
40 ~~be financed by the district, savings achieved through the issuance~~

1 of refunding bonds may be used by the legislative body for those
2 purposes.

3 ~~(b) If no further facilities or services are authorized to be~~
4 ~~financed by the district, any savings achieved through the~~
5 ~~issuance of refunding bonds shall be used by the legislative body~~
6 ~~to reduce the special taxes which were levied to retire the bonds~~
7 ~~being refunded, which reductions shall be made on a pro rata~~
8 ~~basis.~~

9 ~~(c) Savings achieved through the issuance of refunding bonds~~
10 ~~may be used pursuant to both subdivisions (a) and (b) in~~
11 ~~proportions determined by the legislative body.~~

12 SEC. 58. Section 53364.5 of the Government Code is
13 amended to read:

14 53364.5. Any bonds issued by the district may be made
15 callable by resolution of the legislative body adopted at or prior
16 to the time of issuing the bonds. When bonds are made callable a
17 statement to that effect shall be set forth on the face of the bonds.
18 Callable bonds may be redeemed on any date prior to their fixed
19 maturity in the amounts, manner, and prices prescribed by the
20 legislative body.

21 SEC. 59. Section 53753 of the Government Code is amended
22 to read:

23 53753. (a) The notice, protest, and hearing requirements
24 imposed by this section supersede any statutory provisions
25 applicable to the levy of a new or increased assessment that is in
26 existence on the effective date of this section, whether or not that
27 provision is in conflict with this article. Any agency that
28 complies with the notice, protest, and hearing requirements of
29 this section shall not be required to comply with any other
30 statutory notice, protest, and hearing requirements that would
31 otherwise be applicable to the levy of a new or increased
32 assessment, with the exception of Division 4.5 (commencing
33 with Section 3100) of the Streets and Highways Code. If the
34 requirements of that division apply to the levy of a new or
35 increased assessment, the levying agency shall comply with the
36 notice, protest, and hearing requirements imposed by this section
37 as well as with the requirements of that division.

38 (b) Prior to levying a new or increased assessment, or an
39 existing assessment that is subject to the procedures and approval
40 process set forth in Section 4 of Article XIII D of the California

1 Constitution, an agency shall give notice by mail to the record
2 owner of each identified parcel. Each notice shall include the
3 total amount of the proposed assessment chargeable to the entire
4 district, the amount chargeable to the record owner's parcel, the
5 duration of the payments, the reason for the assessment and the
6 basis upon which the amount of the proposed assessment was
7 calculated, and the date, time, and location of a public hearing on
8 the proposed assessment. Each notice shall also include, in a
9 conspicuous place thereon, a summary of the procedures for the
10 completion, return, and tabulation of the assessment ballots
11 required pursuant to subdivision (c), including a statement that
12 the assessment shall not be imposed if the ballots submitted in
13 opposition to the assessment exceed the ballots submitted in
14 favor of the assessment, with ballots weighted according to the
15 proportional financial obligation of the affected property. An
16 agency shall give notice by mail at least 45 days prior to the date
17 of the public hearing upon the proposed assessment.

18 (c) Each notice given pursuant to subdivision (b) shall contain
19 an assessment ballot that includes the agency's address for
20 receipt of the form and a place where the person returning the
21 assessment ballot may indicate his or her name, a reasonable
22 identification of the parcel, and his or her support or opposition
23 to the proposed assessment. Each assessment ballot shall be in a
24 form that conceals its contents once it is sealed by the person
25 submitting the assessment ballot. Each assessment ballot shall be
26 signed and either mailed or otherwise delivered to the address
27 indicated on the assessment ballot. Regardless of the method of
28 delivery, all assessment ballots shall be received at the address
29 indicated, or the site of the public testimony, in order to be
30 included in the tabulation of a majority protest pursuant to
31 subdivision (e). Assessment ballots shall remain sealed until the
32 tabulation of ballots pursuant to subdivision (e) commences,
33 provided that an assessment ballot may be submitted, or changed,
34 or withdrawn by the person who submitted the ballot prior to the
35 conclusion of the public testimony on the proposed assessment at
36 the hearing required pursuant to subdivision (d). An agency may
37 provide an envelope for the return of the assessment ballot,
38 provided that if the return envelope is opened by the agency prior
39 to the tabulation of ballots pursuant to subdivision (e), the

1 enclosed assessment ballot shall remain sealed as provided in this
2 section.

3 (d) At the time, date, and place stated in the notice mailed
4 pursuant to subdivision (b), the agency shall conduct a public
5 hearing upon the proposed assessment. At the public hearing, the
6 agency shall consider all objections or protests, if any, to the
7 proposed assessment. At the public hearing, any person shall be
8 permitted to present written or oral testimony. The public hearing
9 may be continued from time to time.

10 (e) (1) At the conclusion of the public hearing conducted
11 pursuant to subdivision (d), an impartial person designated by the
12 agency who does not have a vested interest in the outcome of the
13 proposed assessment shall tabulate the assessment ballots
14 submitted, and not withdrawn, in support of or opposition to the
15 proposed assessment. In a city, the impartial person may include,
16 but is not limited to, the clerk of the agency. The impartial person
17 may use technological methods of tabulating the assessment
18 ballots, including, but not limited to, punchcard or optically
19 readable (bar-coded) assessment ballots. During and after the
20 tabulation, the assessment ballots shall be treated as disclosable
21 public records, as defined in Section 6252, and equally available
22 for inspection by the proponents and the opponents of the
23 proposed assessment.

24 In the event that more than one of the record owners of an
25 identified parcel submits an assessment ballot, the amount of the
26 proposed assessment to be imposed upon the identified parcel
27 shall be allocated to each ballot submitted in proportion to the
28 respective record ownership interests or, if the ownership
29 interests are not shown on the record, as established to the
30 satisfaction of the agency by documentation provided by those
31 record owners.

32 (2) A majority protest exists if the assessment ballots
33 submitted, and not withdrawn, in opposition to the proposed
34 assessment exceed the assessment ballots submitted, and not
35 withdrawn, in its favor, weighting those assessment ballots by the
36 amount of the proposed assessment to be imposed upon the
37 identified parcel for which each assessment ballot was submitted.

38 (3) If there is a majority protest against the imposition of a
39 new assessment, or the extension of an existing assessment, or an

1 increase in an existing assessment, the agency shall not impose,
2 extend, or increase the assessment.

3 (4) The majority protest proceedings described in this
4 subdivision shall not constitute an election or voting for purposes
5 of Article II of the California Constitution or of the California
6 Elections Code.

7 ~~SEC. 60. Section 3704 of the Revenue and Taxation Code is~~
8 ~~amended to read:~~

9 ~~3704. The notice of intended sale shall include all of the~~
10 ~~following:~~

11 ~~(a) The date, time, and place of the intended sale, including the~~
12 ~~electronic address if the intended sale is by public auction via the~~
13 ~~Internet or other electronic media.~~

14 ~~(b) The locations of computer workstations that are available~~
15 ~~to the public and instructions on accessing the public auction and~~
16 ~~submitting bids if the intended sale is conducted via the Internet~~
17 ~~or other electronic media.~~

18 ~~(c) A description of the property to be sold.~~

19 ~~(d) The name of the last assessee of the property.~~

20 ~~(e) The minimum acceptable bid of the property to be sold.~~

21 ~~(f) A list of any liens against the property for general or~~
22 ~~special taxes or special assessments known to the tax collector.~~
23 ~~Neither the tax collector nor the county shall be liable in any way~~
24 ~~for any inaccuracy or omission from this list.~~

25 ~~(g) A statement that if the property is not redeemed before the~~
26 ~~close of business on the last business day prior to the date of the~~
27 ~~sale, the right of redemption will cease.~~

28 ~~(h) A statement that if the property is sold, parties of interest,~~
29 ~~as defined in Section 4675, have the right to file a claim with the~~
30 ~~county for any proceeds from the sale which are in excess of the~~
31 ~~liens and costs required to be paid from the proceeds.~~

32 ~~(i) A statement that if excess proceeds result from the sale,~~
33 ~~notice will be given to parties of interest, pursuant to law.~~

34 ~~(j) A statement that if the parcel remains unsold after the tax~~
35 ~~sale, the date, time, and location of any subsequent sale.~~

36 ~~(k) If applicable, that a deposit is required as a condition to~~
37 ~~submit bids on the property.~~

38 ~~(l) If applicable, a statement that, for any property purchased~~
39 ~~by a credit transaction, the right of redemption will revive if full~~
40 ~~payment is not received by the tax collector prior to the close of~~

~~business on the date, as specified by the tax collector under
Section 3693.1, that full payment is due.~~

~~SEC. 61.~~

SEC. 60. Section 3712 of the Revenue and Taxation Code is amended to read:

3712. The deed conveys title to the purchaser free of all encumbrances of any kind existing before the sale, except:

(a) Any lien for installments of taxes and special assessments, which installments will become payable upon the secured roll after the time of the sale.

(b) The lien for taxes or assessments or other rights of any taxing agency which does not consent to the sale under this chapter.

(c) Liens for special assessments levied upon the property conveyed which were, at the time of the sale under this chapter, not included in the amount necessary to redeem the tax-defaulted property, and, where a taxing agency which collects its own taxes has consented to the sale under this chapter, not included in the amount required to redeem from sale to the taxing agency.

(d) Easements constituting servitudes upon or burdens to the property; water rights, the record title to which is held separately from the title to the property; and restrictions of record.

(e) Unaccepted, recorded, irrevocable offers of dedication of the property to the public or a public entity for a public purpose, and recorded options of any taxing agency to purchase the property or any interest therein for a public purpose.

(f) Unpaid assessments under the Improvement Bond Act of 1915 (Division 10 (commencing with Section 8500) of the Streets and Highways Code) which are not satisfied as a result of the sale proceeds being applied pursuant to Chapter 1.3 (commencing with Section 4671) of Part 8, *or that are being collected through a foreclosure action pursuant to Part 14 (commencing with Section 8830) of Division 10 of the Streets and Highways Code. A sale pursuant to this chapter shall not nullify, eliminate, or reduce the amount of a foreclosure judgment pursuant to Part 14 (commencing with Section 8830) of Division 10 of the Streets and Highways Code.*

(g) Any federal Internal Revenue Service liens which, pursuant to provisions of federal law, are not discharged by the

1 sale, even though the tax collector has provided proper notice to
2 the Internal Revenue Service before that date.

3 (h) Unpaid special taxes under the Mello-Roos Community
4 Facilities Act of 1982 (Chapter 2.5 (commencing with Section
5 53311) of Part 1 of Division 2 of Title 5 of the Government
6 Code) that are not satisfied as a result of the sale proceeds being
7 applied pursuant to Chapter 1.3 (commencing with Section 4671)
8 of Part 8, or that are being collected through a foreclosure action
9 pursuant to Section 53356.1 of the Government Code. In no case
10 shall a sale pursuant to this chapter nullify, eliminate, or reduce
11 the amount of a foreclosure judgment pursuant to Section
12 53356.1 of the Government Code.

13 ~~SEC. 62.~~

14 *SEC. 61.* Section 3114.5 of the Streets and Highways Code is
15 amended to read:

16 3114.5. (a) This section applies only to community facilities
17 districts.

18 (b) ~~Within 90 days~~ *15 days, in the case of a landowner vote,*
19 *or 90 days, in the case of a registered voter election,* after
20 determination pursuant to Section 53328 of the Government
21 Code that the requisite number of voters is in favor of the levy of
22 a special tax, the clerk of the legislative body shall execute and
23 record a notice of special tax lien in the office of the county
24 recorder of each county in which all or any part of the
25 community facilities district is located, and the county recorder
26 shall accept that notice. The county recorder shall index the
27 notice of special tax lien to the names of the property owners
28 within the community facilities district and shown in the notice,
29 as grantors. The notice of special tax lien shall contain the
30 information required by Section 27288.1 of the Government
31 Code and shall be in substantially the following form:

32
33 NOTICE OF SPECIAL TAX LIEN
34

35 Pursuant to the requirements of Section 3114.5 of the Streets
36 and Highways Code and Section 53328.3 of the Government
37 Code, the undersigned clerk of the legislative body of _____, State
38 of California, hereby gives notice that a lien to secure payment of
39 a special tax is hereby imposed by the (here insert name of
40 legislative body) of (here insert city and name of county

1 thereafter), State of California. The special tax secured by this
2 lien is authorized to be levied for the purpose of: (as applicable)
3 (1) paying principal and interest on bonds, the proceeds of which
4 are being used to finance (briefly describe facilities financed); (2)
5 providing (briefly describe facilities financed without bonds); (3)
6 providing (briefly describe services being financed).

7 If all or any portion of the proceeds of taxes or bonds of the
8 district are authorized to be used to pay for cleanup of hazardous
9 substances pursuant to subdivision (f) of Section 53313 of the
10 Government Code, the notice shall also contain the following
11 statement in large conspicuous type:

12 TAXES LEVIED BY THIS DISTRICT MAY BE USED TO
13 PAY FOR CLEANUP OF HAZARDOUS SUBSTANCES.

14 The special tax is authorized to be levied within Community
15 Facilities District No. ____ which has now been officially formed
16 and the lien of the special tax is a continuing lien which shall
17 secure each annual levy of the special tax and which shall
18 continue in force and effect until the special tax obligation is
19 prepaid, permanently satisfied, and canceled in accordance with
20 law or until the special tax ceases to be levied and a notice of
21 cessation of special tax is recorded in accordance with Section
22 53330.5 of the Government Code.

23 The rate, method of apportionment, and manner of collection
24 of the authorized special tax is as follows: (here insert verbatim
25 the description of the rate, method of apportionment, and manner
26 of collection from the resolution of formation of the community
27 facilities district). Conditions under which the obligation to pay
28 the special tax may be prepaid and permanently satisfied and the
29 lien of the special tax canceled are as follows: (here insert such
30 conditions as are set forth in the resolution of formation or, if no
31 provision has been made for prepayment of the special tax
32 obligation, so state).

33 Notice is further given that upon the recording of this notice in
34 the office of the county recorder, the obligation to pay the special
35 tax levy shall become a lien upon all nonexempt real property
36 within Community Facilities District No. ____ in accordance
37 with Section 3115.5 of the Streets and Highways Code.

38 The name(s) of the owner(s) and the assessor's tax parcel
39 number(s) of the real property included within this community
40 facilities district and not exempt from the special tax are as

1 follows: (insert name(s) of owner(s) and tax parcel number(s)
2 shown on assessment roll).

3 Reference is made to the boundary map (or the amended
4 boundary map) of the community facilities district recorded at
5 Book ____ of Maps of Assessment and Community Facilities
6 Districts at Page ____, in the office of the County Recorder for the
7 County of ____, State of California which map is now the final
8 boundary map of the community facilities district.

9 For further information concerning the current and estimated
10 future tax liability of owners or purchasers of real property
11 subject to this special tax lien, interested persons should contact
12 (here provide name, address, and telephone number of the
13 appropriate office, department, or bureau of the public entity
14 designated pursuant to Section 53340.2 of the Government
15 Code).

16 (c) The county recorder shall endorse upon the notice the time
17 and date of filing, and shall cross index the notice by reference to
18 the page of the book of maps of assessment and community
19 facilities districts in which the boundary map of the district was
20 filed.

21 ~~SEC. 63.~~

22 *SEC. 62.* Section 3115.5 of the Streets and Highways Code is
23 amended to read:

24 3115.5. (a) This section applies only to community facilities
25 districts.

26 (b) From the date of the recording in the office of the county
27 recorder pursuant to Section 3114.5, or if the community
28 facilities district is located in two or more counties, then from the
29 date of the recording in the office of each county recorder where
30 a notice is recorded, all persons are deemed to have notice of the
31 contents of the Notice of Special Tax Lien with respect to parcels
32 in that county.

33 (c) Upon the date of the recordings made pursuant to
34 subdivision (b), the notice of special tax lien shall impose a lien
35 upon all nonexempt real property in the district within that
36 county. The lien imposed pursuant to this section shall continue
37 in force and effect until the special tax obligation is prepaid and
38 permanently satisfied and the lien canceled in accordance with
39 law or until the special tax ceases to be levied and a notice of

1 cessation of special tax is recorded in accordance with Section
2 53330.5 of the Government Code.

3 ~~SEC. 64.~~

4 *SEC. 63.* Section 3117.5 of the Streets and Highways Code is
5 amended to read:

6 3117.5. (a) In the event of amendment or modification of, or
7 annexation to, the boundaries of a community facilities district,
8 an amendment to the Notice of Special Tax Lien shall be
9 prepared and recorded under the procedure of Section 3114.5. In
10 the listing of property owners, the amended notice need only list
11 separately the names of the owners and assessor's tax parcel
12 numbers of parcels being added to the district and the names of
13 the owners and assessor's parcel numbers of parcels being
14 excluded from the district. This amendment need not supersede
15 the existing notice.

16 (b) If any proceedings subsequent to the approval by the voters
17 of a special tax pursuant to the Mello-Roos Community Facilities
18 Act of 1982, Chapter 2.5 (commencing with Section 53311) of
19 Part 1 of Division 2 of Title 5 of the Government Code, result in
20 a change in the authorization to levy a special tax or to issue
21 bonds, or a change in the facilities or services authorized to be
22 financed, the clerk of the legislative body shall record an
23 amendment to the original (or, if it has been superseded, the most
24 recent) Notice of Special Tax Lien and any amendments thereto
25 which shall reference the Recorder's Serial Number and
26 recording date of that notice and any amendments to it and shall
27 clearly set forth the changes.

28 *SEC. 64.* Section 8837 is added to the Streets and Highways
29 Code, to read:

30 8837. *This section applies if delinquent assessment*
31 *installments, together with any penalties, interest, and costs, are*
32 *collected through sale of the property by the tax collector*
33 *pursuant to Chapter 7 (commencing with Section 3691) of Part 6*
34 *of Division 1 of the Revenue and Taxation Code.*

35 (a) *If the property is sold for at least the total amount*
36 *necessary to redeem plus costs, pursuant to Section 3698.5 of the*
37 *Revenue and Taxation Code, the sale of the property shall*
38 *extinguish the delinquent assessment installments, interest,*
39 *penalties, and costs included in the sale price.*

1 ***(b) If the property is sold for less than the total amount***
2 ***necessary to redeem plus costs, pursuant to Section 3698.5 of the***
3 ***Revenue and Taxation Code, all of the following provisions***
4 ***apply:***

5 ***(1) The portion of the sales price paid by the tax collector to***
6 ***the local agency on account of the delinquent assessment***
7 ***installments shall be credited by the local agency first to***
8 ***delinquent interest and redemption penalties, and then to***
9 ***delinquent principal.***

10 ***(2) The remainder of the delinquent assessment installments***
11 ***and redemption penalties, if any, shall remain due and owing.***

12 ***(3) Redemption penalties shall continue to accrue on***
13 ***remaining unpaid delinquent assessment installments.***

14 ***(4) The remaining unpaid amount, with penalties, may be***
15 ***added as postjudgment delinquencies to any existing unsatisfied***
16 ***foreclosure judgment against the property, or may be collected in***
17 ***a new foreclosure action filed pursuant to this chapter.***

18 **SEC. 65.** The amendments made to Section 53339.3 of the
19 Government Code by this act do not constitute a change in, but
20 are declarative of, existing law.